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Richard A. Bergman, and Lisa T. Su

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION**

18 BABAK HATAMIAN and LUSSA DENN
19 SALVATORE, individually and on behalf of
all others similarly situated,

CASE NO. 14-cv-00226-YGR

CLASS ACTION

20 Plaintiffs,
21 v.
22 ADVANCED MICRO DEVICES, INC.,
23 RORY P. READ, THOMAS J. SEIFERT,
RICHARD A. BERGMAN AND LISA T.
SU,
Defendants

**[CORRECTED] DEFENDANTS' SEPARATE
STATEMENT OF FACTS IN SUPPORT OF
MOTION FOR SUMMARY JUDGMENT**

REDACTED VERSION OF DOCUMENT
SOUGHT TO BE SEALED

1 I attest that the evidence cited herein fairly and accurately supports the facts as asserted.
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4 Dated: April 27, 2017

By: /s/ Matthew Rawlinson
5 Matthew Rawlinson

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CORRECTED DEFENDANTS' SEPARATE STATEMENT OF UNDISPUTED MATERIAL FACTS

Alleged False or Misleading Statements: Ex. 9 ¹ (April 4, 2011 WSA Amendment Call Transcript) (Depo. Ex. 341)		
Alleged False or Misleading Statement ²	Undisputed Material Facts	Plaintiffs' Responses
<p>Alleged Statement No. 1</p> <p>4/4/2011 WSA Amendment Call Dep Ex 341 at 3</p> <p>Speaker: Thomas Seifert</p> <p>Thomas Seifert</p> <p>[O]nce GLOBALFOUNDRIES developed certain specific qualified processes for bulk silicon wafers, we agreed to port a certain percentage of our GPU production over to GLOBALFOUNDRIES when competitive. The WSA amendment was originally motivated by initial 32 nanometer yields at GLOBALFOUNDRIES.</p> <p>I want to make sure it is clearly understood today, as we've said in the past, we've moved into a new phase of 32 nanometer development with GLOBALFOUNDRIES. Today 32 nanometer yields are in line with our expectations and I'm excited to tell you this morning that Llano is now shipping for revenue.</p>	<p>Undisputed Material Facts</p> <ol style="list-style-type: none"> 1. In July 2010 AMD announced that it was delaying its Llano production ramp from 2H10 to 1H11 due in part to slower-than-anticipated progress up its 32-nanometer yield ramp. <ul style="list-style-type: none"> • Ex. 1 (July 15, 2010AMD 2Q10 Earnings Conference Call Tr.) at p. 3 (D. Meyer stating: “[W]e now expect Ontario to be the first Fusion APU we bring to market. We plan to ship Ontario APUs in the fourth quarter of this year However, in reaction to Ontario's market opportunities and a slower than anticipated progress up to 32 nanometer yield curve, we are switching the timing of the Ontario and Llano production ramps. <i>Llano production shipments are still expected to occur in the first half of next year.</i>”). 2. During 2H10 AMD worked to identify and resolve factors that had caused it to progress more slowly than anticipated up its 32-nanometer yield ramp. <ul style="list-style-type: none"> • Ex. 2 (AMD-018-002003157) (September 2, 2010 AMD email stating: “As promised, <i>we are starting the 32nm post-mortem</i> with the help of the LEAN office.”); • Ex. 3 (AMD-015-001668664) (October 2010 slide deck titled “Lessons Learned from 32 nm Technology Development” presenting “<i>lessons learned from the 2010 delay</i>”); • Ex. 4 (AMD-020-002161771-072) at 072 slides 1-8 (September 20, 2010 AMD emails attaching slide deck titled “AMD-GF Executive Summit” and <i>outlining “AMD Requirements to improve 32-nanometer yields”</i>); • Ex. 5 (AMD-002-000001413-016) at 016 slide 116 (December 16, 2010 AMD email to R. Bergman attaching slide deck titled “Product Cost Review v410” stating: “<i>32nm Yield improvement Actions</i>[:] GF is in full <i>task force mode</i> . . . AMD <i>onsite team in Dresden</i> showing success . . . GF is putting more emphasis on inline learning . . . Several <i>improvements for systematic issues</i> are in the soft start phase and decent improvements have 	

¹ All references to exhibits are to the concurrently filed Declaration of Jason C. Hegt in Support of Defendants' Motion for Summary Judgment and Defendants' Motion to Exclude Testimony of Chad Coffman, Scott Thompson, and Jason S. Flemmons.

² The portion of each statement that Plaintiffs allege to be false or misleading is identified in boldface text, as in the Chart of Alleged False and Misleading Statements filed by Plaintiffs in this action. (Doc. No. 251-1.) All of the information contained in Plaintiffs' chart is also included here; for clarity of presentation, however, the information contained in the first, second, third, and fifth columns of Plaintiffs' chart (headed “No.[,]” “Date / Event[,]” “Speaker[,]” and “Exhibit No.”) is presented here within this single, left-hand column. In addition, rows (shaded green) have been added for the alleged corrective disclosures, and columns have been added for Defendants' material uncontested facts and Plaintiffs' responses.

been demonstrated for others . . . Random D0 improvements continue to be accelerated into the implementation phase.”);

- *See also Ex. 6* (December 20, 2016 Expert Report of K. Lisiak) at ¶ 69 (“In my experience and opinion, AMD’s “lessons learned” and the measures it took with GlobalFoundries were appropriate in the circumstances, and precisely the actions I almost certainly would have recommended myself, had I been there at the time. On their own, the measures provided a solid foundation for more productive Llano development work in the weeks and months to come.”).

3. In 2H10 AMD and GF negotiated and agreed in principle to an amendment to the Wafer Supply Agreement that governed production of Llano.

- Ex. 7 (AMD-020-002164183-87) (November 9, 2010 email from I. Ajami to D. Meyer, T. Seifert, and others stating: “*This email confirms the agreement below.*”);
- Ex. 8 (AMD-003-000304826) (Wafer Supply Agreement Amendment No. 1).

4. Amendment No. 1 to the Wafer Supply Agreement was structured in part such that GF was incentivized financially to improve Llano yields.

- Ex. 9 (April 4, 2011 WSA Amendment Call Tr.) (Depo. Ex. 341) at pp. 4 (T. Seifert stating: “So in summary, this WSA amendment benefits AMD because it provides us with a pricing model that is better aligned to our business case. *It incentivizes GlobalFoundries to continue improving 32 nanometer yields and aligns their effort with our expectations to work towards our mutual success.* And last but not least, it’s important that AMD continues to improve its fabless business model and remain competitive in both upside and downside scenarios.”);
- Ex. 10 (D. Kumar Depo. Tr.) at 226:16-21 (“And the WSA then in totality, as I think we reconstructed it with the die-buy agreement, was obviously to *set up the right incentive on both sides such that the yield improves*, GlobalFoundries gets more revenue, the yields improve, we get more supply.”);
- Ex. 11 (November 18, 2016 Expert Report of S. Thompson for Plaintiffs) at ¶ 65 (“In late 2010, AMD and GlobalFoundries therefore began the process of re-negotiating and amending the WSA to shift to a ‘die-buy’ model for the troubled 32 nm process. Rather than paying for a wafer, and spreading the cost over the resulting ‘good’ chips, under a die-buy model, *only ‘good’ die are purchased at a fixed price or according to some formula, thus shifting the financial risks relating to poor yields away from the purchasing party.* The WSA Amendment was negotiated over many months and was executed on April 2, 2011.”);
- *See also Ex. 6* (December 20, 2016 Expert Report of K. Lisiak) at ¶¶ 70-71 (“[I]ts most relevant feature is that it incentivized GlobalFoundries to ensure that sort yields increased in the first instance, at least to levels commensurate with commercial success for Llano.”).

5. AMD shipped Llano for revenue in 1Q11.

- Ex. 12 (AMD-003-000109973) at p. 2 (1Q11 Business Unit Review stating: “*First Llano APU shipments for revenue* occurred of 1.1Ku.”);
 - Exs. 13-14 (AMD-003-000424158 and AMD-003-000424159-60) (April 1, 2011 AMD emails with T. Seifert and R. Bergman attaching or regarding “[p]hotos from 1st Llano shipments” in “March 2011”).
6. Prior to and on April 4, 2011 GF and AMD employees reported to Thomas Seifert, Rick Bergman, and others at AMD that Llano prime yields were on track to meet, or had met, AMD’s goal, target, or expectation for March 2011.
- Ex. 15 (AMD-020-002064118-120) at 120 slides 1, 3, 5 (March 17, 2011 GF email to T. Seifert and others, attaching WW12 “Exec Update” stating: “*This week . . .* [REDACTED]!”);
 - Ex. 16 (AMD-016-001919532-534) at 532 and 534 slide 1 (March 21, 2011 GF email to T. Seifert, the GF Board of Directors, and others, attaching WW12 “Llano Update” stating: “*Yield recovered from the dip last weeks [sic] averaging at 21.3%.* [REDACTED]”);
 - Ex. 17 (AMD-003-000019154-155) at 155 slide 1 (April 2, 2011 GF email to T. Seifert and others, attaching “ww14 2011 Llano Update,” stating: “*Llano Yield is exactly at 21% for WW14. This is a little step-up from the 20% last week* [REDACTED]”);
 - Ex. 18 (AMD-010-001547986-988) at 986 and 988 slide 1 (April 4, 2011 GF email to T. Seifert, the GF Board of Directors, and others, attaching a WW14 “Llano Update,” stating: “*The average yield for the week stepped back up to close at exactly 21% which was the month ending target.* [REDACTED]”);
 - See also Ex. 6 (December 20, 2016 Expert Report of K. Lisiak) ¶¶ 76-78 & Figure 5 (“In my extensive industry experience, there can be no more literal an embodiment of the commonly used phrases ‘on target’ and ‘on expectations’ than [REDACTED] [REDACTED].”).
7. As of April 4, 2011, AMD was projecting that Llano prime yields [REDACTED].
- Ex. 19 (AMD-008-001110825) (March 18 and March 21, 2011 AMD emails stating: “*These numbers are a reset of the projections, based on recent empirical data and our current understanding of yield improvement plans in the fab. . .* [REDACTED] [REDACTED]”);
 - Id. (March 18, 2011 AMD email stating with respect to AMD’s revised Llano yield forecast: “*Basically, since the yield has improved so much so quickly in the past few weeks, they . . .*

decided to reset the expectations to where the yields are now and institute a yield improvement ramp based on a realistic expectation instead of the very fast ramp we've seen recently.”);

- **Ex. 20** (AMD-016-001701143-144) at 144 slide 2 (March 29, 2011 AMD email attaching March 21, 2011 “Llano Production Readiness” slide deck stating: “**2011 Prime Yield projections were increased late ww12**: Q1 = 15%, Q2 = 25%, Q3 = 34%, Q4 = 42% [REDACTED]; [REDACTED];
- **Ex. 21** (AMD-020-002072176) at slide 17 (March 30, 2011 AMD slide deck titled “CEC Decision Point: ‘IP Release on 02-April-11’” and stating: **2011 Prime Yield projections were increased late ww12**: Q1 = 15%, Q2 = 25%, Q3 = 34%, Q4 = 42% [REDACTED]; [REDACTED];
- *See also Ex. 6* (December 20, 2016 Expert Report of K. Lisiak) ¶¶ 79-80 & Figures 6 and 7 (“*In my opinion, AMD was reasonable both to increase its projections in mid- March and to keep them increased through April 4, particularly given the progress that had been made and the fact that no major design or process issues had come to light [Y]ields had improved both rapidly and substantially in just the three prior months*”).

8. Llano prime yields increased from about 16% at the end of February 2011 to about 21% at the start of April 2011.

- **Ex. 22** (AMD-015-001651760-61) at slide 1 (February 26, 2011 GF email to T. Seifert and others, attaching WW09 “Llano Update” stating: “Llano continues to stay on a solid yield ramp. This week 391 PROD wafers were SORTed with an *avg yield of ca 16%* [REDACTED] [REDACTED]
- **Ex. 17** (AMD-003-000019154-55) at slide 1 (April 2, 2011 GF email to T. Seifert and others, attaching WW14 “Llano Update” stating: “Llano Yield is exactly at 21% for WW14. This is a little step-up from the 20% last week [REDACTED]
- **Ex. 23** (January 17, 2017 Reply Expert Report of S. Thompson) ¶¶ 32-33, 36, Figure 7 & n. 71 (opining that Llano yields had improved at a rate of *0.7 percentage points per week through March 2011* and citing documents showing GF and AMD employees recognizing only on April 10, 2011 that the Llano “yield improvement trend had been ‘flattening. . .[,]’” and only on April 24, 2011 that Llano yields had reached a “plateau”);
- *See also* sources cited **UF 6** *supra* this Alleged Statement No. 1 (regarding AMD’s yield goal, target, or expectation for March 2011).
- *See also* sources cited **UF 7** *supra* this Alleged Statement No. 1 [REDACTED] [REDACTED]).

9. Had Llano prime yields continued to improve at rate they did during March 2011, they would have exceeded AMD's projections [REDACTED].
- Ex. 21 (AMD-020-002072176) at slide 17 (March 30, 2011 AMD slide deck titled "CEC Decision Point: 'IP Release on 02-April-11'" and stating: ***2011 Prime Yield projections were increased late w/12: Q1 = 15%, Q2 = 25%, Q3 = 34%, Q4 = 42%.*** [REDACTED];
 - Ex. 23 (Reply Expert Report of S. Thompson for Plaintiffs dated January 17, 2017) at ¶¶ 32-33, Figure 7 (opining that Llano yields had improved at a rate of ***0.7 percentage points per week through March 2011***);
 - Ex. 17 (AMD-003-000019154-55) at slide 1 (April 2, 2011 GF email to T. Seifert and others, attaching WW14 "Exec Update" stating: "Llano Yield is ***exactly at 21% for WW14.***");
 - Ex. 24 (AMD-003-000442417) at slide 2 (showing 2Q11 comprising the 13 workweeks numbered 15 through 27, 3Q11 comprising the 13 workweeks numbered 28 through 40, and 4Q11 comprising the 13 workweeks numbered 41 through 53).
10. As of April 4, 2011 AMD was projecting that GF would supply it with over 7.3 million Llano die in 3Q11, based on 50,000 wafer outs and about 56% fusion yield.
- Ex. 25 (AMD-008-001168784-85) at slide 1 (April 12, 2011 AMD email attaching "Llano POR" dated March 31, 2011 and ***forecasting 50,000 wafers, 34% prime yield, and 22% subprime yield—for 56% fusion yield—in 3Q11***);
 - See also Ex. 11 (November 18, 2016 Expert Report of S. Thompson for Plaintiffs) at ¶ 63 n.68 (explaining the mathematical relationship between yields on the one hand and die (or "potential chips") and wafer outs on the other).
11. Market observers recognized that while AMD's April 4, 2011 announcement reflected progress in improving Llano yields, there remained a potential for yield challenges to arise as the Llano production ramp progressed.
- Ex. 26 (AMD-021-002248486) at 2 (April 4, 2011 Bernstein report: "Does the stated purpose of the change (to 'incentivize' [GF] to continue improving 32nm yields) suggest anything about the current state of yields at the foundry? ***A longer-than-expected time to ramp 32nm caused delays for Llano***");
 - Ex. 27 (AMD-021-002262011) at 1-2 (April 4, 2011 Macquarie report: "Llano shipping, but at poor yields. . . . While AMD stated its 32 nanometer yields were in line, it also restructured its pricing arrangement with Global Foundries to buy known good die, instead of whole wafers, which ***suggests to us yields are not good.***");

	<ul style="list-style-type: none"> • <u>Ex. 28</u> (PX_AMD_0051326) at p. 1 (April 4, 2011 Wells Fargo report: “We suspect that the new agreement was precipitated by [GF’s] struggles to bring up 32nm technologies. In our view this development underscores the uncertainty and risk associated with AMD’s 32nm product plans and we remain cautious on AMD as a stock with an Underperform rating.”); • <u>Ex. 29</u> (AMD-021-002253743) at pp. 1, 4 (April 5, 2011 Credit Suisse report stating: “While AMD noted that 32nm yields are in-line with expectations and Llano will be shipping for revenue in 2Q, the new WSA, which provides downside protection in a poor yield scenario raises concerns over 32nm yields at GF . . . we believe that some investors might perceive this agreement as precursor to further yield issues.”). 	
<p><u>Alleged Statement No. 2</u></p> <p>4/4/2011 WSA Amendment Call</p> <p>Dep Ex 341 at 10</p> <p>Speaker: Thomas Seifert</p> <p>Analyst Krishna Shankar (ThinkEquity)</p> <p>[C]an you characterize the yield ramp on 32 nanometer for GLOBALFOUNDRIES, where it stands now relative to their experience on 45 nanometer? And is this just sort of a learning curve production volume issues or are there still some technology challenges that they have to resolve?</p> <p>Thomas Seifert</p> <p>[W]e are in manufacturing mode and yield improvement, ramping up the yield curve is really manufacturing topics, not technology topics. We have been making very good progress and yield is on expectations and it allowed us to start shipment for revenue.</p>	<p><u>Undisputed Material Facts</u></p> <p>For “yield is on expectations” <i>see</i>:</p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and status [REDACTED] as of the start of 2Q11).</p> <p>For “allowed us to start shipment for revenue” <i>see</i>:</p> <p>UF 5 and sources <i>supra</i> Alleged Statement No. 1 (regarding Llano revenue shipments in 1Q11).</p>	
<p><u>Alleged Statement No. 3</u></p> <p>4/4/2011 WSA Amendment Call</p> <p>Dep Ex 341 at 12-13</p> <p>Speaker: Thomas Seifert</p> <p>Analyst Vijay Rakesh (Sterne Agee)</p>	<p>This statement is non-actionable puffery.</p> <p><u>Undisputed Material Facts</u></p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and status [REDACTED] as of the start of 2Q11).</p>	

<p>[W]hat's the split between 40 and 32 nanometer that they're looking at 2011/2012 on this agreement?</p> <p><u>Thomas Seifert</u></p> <p>I'm not going to become that granular in disclosing competitive information. But I think the 32 nanometer, 45 are mature and stable, of course, and 32 nanometer today is where we want it to be.</p>		
<p><u>Alleged Statement No. 4</u></p> <p>4/4/2011 WSA Amendment Call</p> <p>Dep Ex 341 at 3</p> <p>Speaker: Thomas Seifert</p> <p><u>Thomas Seifert</u></p> <p>Third, we've provided for better correlation between costs and our 32 nanometer RAM. And, not that I'm currently expecting any [yield problems], we wanted to ensure better protection for AMD under lower than anticipated yield scenarios. The original WSA did not have adequate provisions to compensate or alleviate the cost burden on AMD in such unforeseen circumstances. So what is exactly amended? The key elements are -- we changed the pricing methodology applicable to wafers delivered in 2011 for our MPUs and APUs and we modified our commitments regarding the production of GPUs and agreed to a (inaudible) commitment for chipset products at GLOBALFOUNDRIES for 2011 and beyond.</p>	<p><u>Undisputed Material Facts</u></p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and status [REDACTED] as of the start of 2Q11).</p>	
<p><u>Alleged Statement No. 5</u></p> <p>4/4/2011 WSA Amendment Call</p> <p>Dep Ex 341 at 5</p> <p>Speaker: Thomas Seifert</p>	<p><u>Undisputed Material Facts</u></p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and status [REDACTED] as of the start of 2Q11).</p>	

<p><u>Analyst Doug Freedman (Gleacher & Co.)</u></p> <p>If I could, would it be possible for you to explain to us if there's any yield trigger that will cause a cut over from the die-based pricing on 32 back to wafer-based pricing? Would we be correct to assume that the new deal basically has you getting the benefit of die-based pricing by giving up on upside to yield if it was better than expected? And at what point do you get that back literally on a time-based or is there some sort of a yield trigger that would allow you to benefit from possibly better than expected yields?</p> <p><u>Thomas Seifert</u></p> <p>Good question. So from today's perspective -- maybe let me go back one step. So the original discussion on this amendment was triggered last year when the 32 nanometer ramp looked a bit more challenging. From today's perspective it's rather more a downside protection. So as we said before, yields on 32 nanometer are on target and we started to shift. Even in this model we will benefit from better than expected progress moving forward because it would award us a higher than originally assumed volume. From today's perspective, the reversion back to the old agreement is just time based. But today's agreement does not preclude us from taking advantage from a better than expected yield progress.</p>		
<p><u>Alleged Statement No. 6</u></p> <p>4/4/2011 WSA Amendment Call</p> <p>Dep Ex 341 at 12</p> <p>Speaker: Thomas Seifert</p> <p><u>Analyst Craig Berger (FBR)</u></p> <p>Next question -- congratulations on getting the 32</p>	<p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the following precautionary language:</p> <p>Before we begin today's call I'd like to caution everyone that we will be making forward-looking statements about management's expectations. Investors are cautioned that those statements are based on current beliefs, assumptions and expectations, speak only as of the</p>	

nanometer yields up. The question is Intel is about to start ramping 22 nanometer in the next couple quarters or so. I know that AMD has historically talked about narrowing the gap, the process technology node gap versus Intel and it still seems to be around some six to seven quarters. So do you guys still expect to be able to narrow that gap over time or is this cadence kind of what we should expect going forward?

Thomas Seifert

Well, we said we would feel more comfortable with a gap of around six quarters and we think with the next technology nodes on 28 and 20 nanometer we have a chance to get back into the distance we prefer. It's not only about when you start, it's then also a matter of how fast you can ramp. **I think we left now the 32 nanometer issues behind us** and look forward to improve our mutual performance on the next technology node.

current date and involve risks and uncertainties that could cause actual results to differ materially from our current expectations.

The semiconductor industry is generally volatile and market conditions are particularly difficult to forecast, especially in light of the economy. We encourage you to review our filings with the SEC where we discuss the risk factors that could cause actual results to differ materially from our expectations. You'll find detailed discussions about such risk factors in our most recent SEC filings, AMD annual reports on Form 10-K for the year ended December 25, 2010. Now with that I'd like to hand the call over to Thomas.

Ex. 9 (April 4, 2011 WSA Amendment Call Transcript) (Depo. Ex. 341) at 2.

Undisputed Material Facts

UF 1-4 and 6-11 and sources cited *supra* Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and status [REDACTED] as of the start of 2Q11).

Furthermore:

12. **By April 4, 2011, 32-nanometer Llano yields had progressed such that AMD began to increase its focus its next technology, the 28-nanometer process node.**
 - Ex. 30 (AMD-016-001919489) (March 8, 2011 email from T. Seifert to GF, stating in response to a “weekly 32S one-pager and the associated narrative” from GF: “***Great progress! Thanks! And now on to [the] 28 [nm node] ↗***”);
 - Ex. 31 (AMD-020-002112696) (March 17, 2011 email from AMD SVP of Global Operations J. Docherty to R. Bergman and others at AMD, stating in response to a “weekly 32S one-pager and the associated narrative” from GlobalFoundries: “Thx for sharing. ***From a technology perspective, 32nm is virtually done. It makes more sense for the board to expect a similar update on 28nm progress.***”);
 - Ex. 32 (AMD-003-000162292) (March 29, 2011 AMD email from AMD SVP of Global Operations J. Docherty, questioning in response to “3/29 32nm morning meeting notes”: ***Are now spending too much time on Llano/32nm when we should be on 28nm?***”).
13. **On March 27, 2011, GF told Thomas Seifert that all fundamental 32-nanometer technology and device metrics had been achieved.**
 - Ex. 33 (AMD-003-000017841-42) at AMD-020-002072176 & slide 1 (March 27, 2011 GF email to T. Seifert and others attaching WW13 “Exec Update” stating: “We completed a ***manufacturing M6 readiness review*** with the AMD technical team on Friday. The M6 package includes in excess of 900 pages of process/device/reliability documentation. ***All of the fundamental technology and device metrics have been achieved.***”);

	<ul style="list-style-type: none"> • <u>Ex. 21</u> (AMD-020-002072176) at slides 3-5 (March 30, 2011 AMD slide deck titled “CEC Decision Point: ‘IP Release on 02-April-11[,]’” recommending “[a]pprov[al of] Llano1 FS1 APU and Sabine platform IP release for 02-April-2011[,]” and showing unanimous support from “CEC stakeholder[s.]”). 	
<p><u>Alleged Statement No. 7</u> 4/4/2011 WSA Amendment Call Dep Ex 341 at 7 Speaker: Thomas Seifert <u>Analyst Vivek Arya (Bank of America)</u></p> <p>Thank you. Good morning, Thomas. A couple of questions. First is if let's say demand this year for Llano is better than expected, then do you think it would help or hurt gross margins given the new pricing arrangement?</p> <p><u>Thomas Seifert</u></p> <p>Well, it wouldn't be good demand if it doesn't help the gross margins. So more demand of course helps.</p>	<p>This statement is not at issue in this case because it was not alleged to be false in any of the complaints filed in this action, including the operative one (Dkt. No. 61).</p> <p>The phrases “good demand” and “more demand of course helps” are non-actionable puffery.</p> <p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the precautionary language quoted <i>supra</i> Alleged Statement No. 6.</p> <p><u>Undisputed Material Facts</u></p> <p>14. Gross-margin accretion can be measured in multiple ways, including in percentage terms relative to company-wide margins, in percentage terms relative to replacement-product margins, and in dollar terms.</p> <ul style="list-style-type: none"> • <u>Ex. 34</u> (J. Flemmons Depo. Tr.) at 17:20-18:16 (“<i>Q. Do you agree gross margin accretion can be measured in more than one way? A. I do. . . . Q.</i> Okay. What are some of the ways you could measure gross margin accretion? <i>A. . . . [M]easuring gross margin at, for example, a product level <i>in relation to a company's company-wide gross margin.</i> . . . There are other ways. For example, if a statement was contextually referring to being accretive to replacement products, it could be <i>accretive to replacement products.</i>.”);</i> • <u>Id.</u> at 59:11-61:11 (“<i>Q. . . . Would you agree with me that on both pages 4 and 5 they're discussing gross margin in dollar and percentage terms? . . . A. . . . So page 4 has three primary bullets to it. . . . The second bullet is referencing Q3 '11 gross margin percentage And the third bullet references Q3 '11 gross margin dollars [And] on page 5 there are two line items. One's labeled 'gross margin dollars' and one's labeled 'gross margin percentage.' . . . And it appears that those two amounts roll up to the two bullet points that I had mentioned on page 4. . . . [T]hey're both on this document.</i>.”); • <u>Ex. 35</u> (Depo. Ex. 592) (AMD-016-001933034-035) at 035 slides 4-19 (October 10, 2011 AMD email attaching slide deck titled “BU & R&D Finance Update” and stating AMD’s 3Q11 gross margin and 4Q11 gross margin projections in both percentage and dollar terms: “<i>Q311 Gross Margin 44.8% . . . Q311 Gross Margin \$756M</i>”); • <i>See also Ex. 241</i> (T. Seifert Resp. to Interrog.) at pp. 15-16 (T. Seifert stating that his statement conveyed his <i>belief “that Llano would be margin accretive on a dollar-basis,”</i> and that “Llano and other Fusion products <i>would be accretive to gross margin because they would replace sales of lower priced, lower margin GPUs.</i>”). 	

15. Market observers recognized a distinction between gross margin accretion in percentage terms and gross margin accretion in dollar terms.
- Ex. 36 (AMD-021-002248665) at pp. 1-2 (May 5, 2011 Bernstein analyst report stating: “Given Brazos is AMD’s entry-level offering, *we would expect Llano to be margin accretive as well, by potentially a lesser amount on a percentage basis (given larger die size) but greater on a dollar basis (given higher ASP).*”).
16. As of the end of 2010 AMD’s companywide percentage gross margin was not higher than 46%.
- Ex. 37 (AMD Form 10-K filed February 18, 2011) at p. 52 (“Gross margin . . . was 46% in 2010 . . . Absent the effects of the events . . . we believe are not indicative of our ongoing operating performance, our gross margin would have been 45% in 2010.”).
17. During 2010 and 2011 AMD’s average percentage gross margin on its GPU products was not, and was not expected to be, higher than 37%.
- Ex. 38 (AMD-003-000448620) at Excel TAB “GPU 8Q[,]” row “Gross Margin %” (showing 2010 and 2011 quarterly *GPU gross-margin percentages of between 25.6% and 34.5%*);
 - Ex. 39 (AMD-003-000432005-009) at 009 slides 36-38 (March 29, 2011 AMD email to R. Bergman and others, attaching slide deck titled “Corporate Operating Committee” projecting 2011 *GPU gross-margin percentages of between 31% and 37%*).
18. As of April 4, 2011, AMD was forecasting that its gross margin percentage on Llano products would be at least 50% in FY11.
- Ex. 40 (AMD-003-000430111-112) (March 24, 2011 AMD email attaching slide deck titled “Q1 2011 LRP: Revenue and Gross Margin” and stating: “Llano was referenced at 41% GM, team indicated that this was an ASP issue. -- Need to review at CFO staff. *This is incorrect...Llano margins are 50% and get to 55% by Q4.* . . . [L]et’s make sure going fwd I see the final decks...we can avoid these issues I assure you”; D. Smith responds that the group would “*close with Thomas on Monday at the CFO staff [meeting]*”);
 - Ex. 41 (AMD-003-000076396-401) (March 23, 2011 AMD email attaching slide decks and stating: “*I updated you on Friday that [the] Llano APU [margin] is 50% and the platform [margin] is 51%.*”);
 - Ex. 155 (AMD-003-000431908-909) at 908 and 909 slides 15-16 (March 28, 2011 AMD email to R. Bergman forwarding slide noting that Slide #16 (regarding gross margins) was “still being tweaked” as AMD was “looking at quarterly transitions from 2011 and 2012 [REDACTED] After the discussion today in the CFO staff I will provide an update/more insight.”);

	<ul style="list-style-type: none"> • <u>Ex. 42</u> (AMD-002-000012068-069) at 069, Excel TAB “Llano Plan” (April 13, 2011 AMD email attaching spreadsheet file-named “Q211 Scenarios 1593.xlsx” and <i>showing 2011 Llano gross margins of 50% for Llano APUs, 53% for Llano chipsets, and 50% for Llano kits</i>); • <i>Compare Ex. 66</i> (AMD-003-000406615) at 618 (June 14, 2011 email chain with AMD finance staff, stating regarding Llano projections: “This drops the Q4 Llano GM’s from 53% to 47% dropping us below <i>the 50% we have been promising Thomas</i>.”). <p>19. As of April 4, 2011, AMD was projecting that Llano would contribute up to \$611 million or 31% of its gross margin dollars on a kitted basis in 2H11 and about \$462 million or 24% of its gross margin dollars on a chip-only basis in 2H11.</p> <ul style="list-style-type: none"> • <u>Ex. 43</u> (AMD-003-000431916-917) at 917 slides 15-16 (March 28, 2011 AMD email attaching slide deck titled “Q1 2011 LRP: Revenue and Gross Margin” forecasting: Llano kitted gross margins of \$236 million in 3Q11 and \$375 million in 4Q11; Llano APU-only gross margins of \$177 million in 3Q11 and \$285 million in 4Q11; and companywide gross margins of \$926 million in 3Q11 and \$1,022 million in 4Q11); • <i>See also Ex. 91</i> (Depo. Ex. 353) (July 21, 2011 AMD 2Q11 Earnings Call Tr.) at p. 19 (R. Bergman stating: “Well, in some ways <i>as we move into the APUs, breaking out the chipset separately doesn’t really make a whole lot of sense because they go in essentially pairs. They work in concert together. So we are not prepared to break out the granularity</i>, other than to say it is consistent with the overall CSG business.”). <p>20. As of April 4, 2011, AMD was projecting that its percentage gross margin on Llano would be 52% on a kitted basis and 51% on a chip-only basis in 4Q11, as compared to a company-wide percentage gross margin of 47.7%.</p> <ul style="list-style-type: none"> • <u>Ex. 43</u> (AMD-003-000431916-917) at 917 slides 15-16 (March 28, 2011 AMD email attaching slide deck titled “Q1 2011 LRP: Revenue and Gross Margin” forecasting <i>kitted Llano gross margins percentage of 52% in 4Q11, chip-only Llano gross margins of 51% in 4Q11, and Company-wide gross margins of 47.7% in 4Q11</i>). 	
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Alleged False or Misleading Statements: Ex. 62 (April 21, 2011 AMD 1Q11 Earnings Call Transcript) (Depo. Ex. 342)

Alleged False or Misleading Statement	Undisputed Material Facts	Plaintiffs' Responses
<u>Alleged Statement No. 8</u> 4/21/2011 Q1 2011 Earning Call Dep Ex 342 at 2-3 Speaker: Thomas Seifert Thomas Seifert	The phrase “widely available” is non-actionable puffery. This statement is forward-looking and thus subject to the PSLRA safe harbor given the following precautionary language:	

We also began shipping Llano for revenue in the first quarter, and it is very simply the most impressive processor in history. Featuring a modern graphics architecture, Llano gives mainstream PC users something they've never had before -- a brilliant visual experience, coupled with all-day battery life. It delivers a better end-user experience than anything else on the market, and our customers have told us that. **You should expect to see Llano-based systems widely available in this quarter.**

Before we begin today's call, I'd like to caution everyone that we will be making forward-looking statements about management's expectations. Investors are cautioned that those statements are based on current beliefs, assumptions, and expectations, speak only as of the current date, and involve risks and uncertainties that could cause actual results to differ materially from our current expectations. The semiconductor industry is generally volatile, and market conditions are particularly difficult to forecast, especially in light of the current state of the economy.

We encourage you to review our filings with the SEC where we discuss the risk factors that could cause actual results to differ materially from expectations. You'll find detailed discussions about such risk factors in our most recent SEC filing, AMD's annual report on Form 10-K for the quarter ended December 25, 2010.

Ex. 62 (April 21, 2011 AMD 1Q11 Earnings Call Transcript) (Dep. Ex. 342) at p. 2.

Undisputed Material Facts

21. **As of April 21, 2011, AMD was forecasting that it would ship between 1.4 million and 1.7 million units of Llano in 2Q11.**
 - **Ex. 44** (AMD-003-000432490-492) at 492 (April 4, 2011 AMD email to R. Bergman, attaching "updated version" of "PG Board Director's Report" for April 2011 stating: Production moves into full swing in Q2 with a June 14th global launch and ***a plan to revenue 1.7 Mu notebook units.***");
 - **Ex. 45** (AMD-016-001919659-661) at 663 (April 12, 2011 AMD email to T. Seifert, attaching "final" version of "Board Directors Report Monthly CEO Report" for April 2011 stating: "Llano is now shipping and moves into full swing in Q2'11 with a June 14th global launch and ***a plan to revenue 1.7 Mu notebook units.***");
 - **Ex. 46** (AMD-003-000424402) (April 19, 2011 email from R. Bergman to T. Seifert stating, "The PG view includes 1.4MU of Llano. As you heard from John D[ocherty], 1.7MU is possible. We should push hard here.").
22. **As of April 21, 2011, AMD anticipated Llano-based notebooks from at least four OEMs being "publicly available in meaningful quantities" by June 1, 2011.**
 - **Ex. 47** (AMD-003-000078182) (April 21, 2011 email to R. Bergman and others stating: "Based on guidance from the Asia OEM teams and our people closest to the customers, [REDACTED] We are still pushing to determine exactly how much

- product volume will be available, but are *confident platforms will be publicly available in meaningful quantities.*.”);
- *See also Ex. 12* (AMD-003-000109973) at p. 6 (1Q11 Business Unit Review noting: [REDACTED]
[REDACTED]
 - *See also Ex. 21* (AMD-020-002072176) at slide 8 (March 30, 2011 AMD slide deck titled “CEC Decision Point: ‘IP Release on 02-April-11’” stating: “No known customer issues gating production release . . . *Sample deliveries into ~67 platforms . . . ~23 Platforms targeting NA 2C’11 launch*”);
 - *See also Ex. 45* (AMD-016-001919659-661) at 663 (April 12, 2011 AMD email to T. Seifert, attaching “final” version of “Board Directors Report Monthly CEO Report” for April 2011 stating: [REDACTED]
[REDACTED]
[REDACTED]
23. **AMD launched Llano as planned in June 2011.**
- *Ex. 44* (AMD-003-000432490-492) at 492 slide 1 (April 4, 2011 AMD email to R. Bergman, attaching “updated version” of “PG Board Director’s Report” for April 2011 stating: Production moves into full swing in Q2 with a June 14th global launch and *a plan to revenue 1.7 Mu notebook units.*.”);
 - *Ex. 48* (AMD-003-000045743) (April 20, 2011 AMD email stating: “*Llano Launch – Save the Date . . . 325 5th Avenue North, Seattle . . . 7:30 pm, June 14th, 2010 . . . Be Prepared to Experience Brilliance . . . Click here to RSVP.*.”);
 - *Ex. 49* (AMD-021-002279641) at p. 1 (June 14, 2011 Wells Fargo Equity analyst report stating: “*Much as we expected, AMD launched its Llano processor family today - 7 new notebook chips.*.”).
 - *Ex. 50* (AMD-021-002317738) at 739 (CEO Report to the Board of Directors, stating: “*We successfully launched Llano at AMD’s first Fusion Developers Summit (AFDS) in Seattle in June* and launched Llano for desktops on June 30th.”).
24. **Market observers viewed AMD’s shipment of approximately 1 million Llano units in 2Q11 as consistent with the start of a successful production ramp.**
- *Ex. 51* (AMD-021-002269972) at p. 2 (July 21, 2011 Oppenheimer analyst report stating: “We note that AMD’s long-awaited APU strategy is finally translating into revenues with the Brazos platform shipping almost 6M units and *Llano shipping*

- over 1M units. . . . Following the **successful launch of Llano**, AMD expects to launch its Bulldozer core targeting servers this quarter”);*
- **Ex. 52** (AMD-021-0022772803) at p. 1 (July 22, 2011 ThinkEquity analyst report stating: “*We are encouraged by strong traction for newer APU products. . . . We believe AMD is having success ramping its new APU products* into client notebooks and desktops.”);
 - **Ex. 53** (AMD-021-002261586) at pp. 2-3 (July 22, 2011 Longbow analyst report stating: “*New APUs ramping ahead of expectations*: Brazos . . . saw unit shipments double over 1Q levels to nearly 6M units while **Llano contributed over 1M units to sales in the quarter**. These helped push ASPs and gross margin higher. . . . Llano shipment ramp now appears likely to outpace that of Brazos, so look for more than 3M units in 3Q. . . . AMD delivered a solid quarter, with Brazos and **Llano shipments ramping slightly ahead of expectations**.”);
 - **Ex. 54** (AMD-016-001750177) at p. 1 (July 22, 2011 FBR analyst report stating: “[N]ew product traction with **Llano** and Brazos drove some market share gains, ASP and gross margin goodness, and revenue upside. **Indeed, Llano APUs (32 nm quad-core) shipped 1M units in 2Q** and should grow bigger in 2H11 (despite mixed product reviews), layering on top of AMD’s earlier Brazos release (40 nm dual-core).”);
 - **Ex. 55** (AMD-021-002281122) at p. 1 (July 22, 2011 Williams analyst report stating: “Approximately 3 million Brazos units were shipped last quarter, making Brazos AMD’s fastest ramp in history. However, **Llano which just recently launched has already shipped 1 million units** and will outpace Brazos in the September quarter.”);
 - **Ex. 56** (AMD-021-002270102) at p. 2 (July 21, 2011 Pacific Crest analyst report stating: “Llano Ramping at Increased Rate . . . **Impressively, AMD’s ramp of Llano is occurring at a faster pace than the Brazos ramp. Llano shipped over 1 million units in the current quarter** and is expected to ship 3 million or more units in Q3”);
 - **Ex. 57** (AMD-021-002255495) at p. 1 (July 22, 2011 Evercore analyst report stating: “**We remain positive on the ramp of Llano** over the next few quarters Management confidently disclosed plans to ship >3mn units of Llano in 3Q11 . . . exceeding the ramp of Brazos which started in 4Q10”);
 - **Ex. 58** (AMD-021-002244800) at pp. 1-2 (July 22, 2011 Avian analyst report stating: “AMD gained notebook share in the quarter on **successful OEM adoption of both Brazos and Llano**. . . . **Llano ships on-time**, channel checks indicate

	<p>increasing share of notebooks using AMD processors: <i>Llano shipped over 1M units in Q1</i> and is expected to ship 3M+ units in Q3.”).</p>	
<p><u>Alleged Statement No. 9</u> 4/21/2011 Q1 2011 Earning Call Dep Ex 342 at 5 Speaker: Richard Bergman <u>Analyst JoAnne Feeney (Longbow Research)</u></p> <p>Then, perhaps as a follow-up, on Llano, where we understand the volume is coming in the third quarter, one question that comes up a lot is how compelling to the consumer will your advantage in graphics be? I'm just wondering if you could fill us in on your efforts with the OEMs and other resellers to help them understand the difference in graphics and whether they're able to translate that to customers, in your view.</p> <p><u>Richard Bergman</u></p> <p>Sure. Just to be clear, the volume is actually coming in Q2. So, that's certainly when we expect to ramp to production and have platforms launch on Llano. I think the best answer to your question is the success we've seen with our Brazos platform. It was just fantastic success in Q1, and our OEMs are now really on board with bringing a better, more compelling, higher performance solution with Llano, and to a certain degree, we hear the reception around that great visual graphics video experience even from our competitor and how important that is in the marketplace, so we think we're right on target with our value proposition.</p>	<p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the precautionary language quoted <i>supra</i> Alleged Statement No. 8.</p> <p><u>Undisputed Material Facts</u></p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] as of the start of 2Q11).</p> <p>UF 21-23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD's expectations for Llano availability as of the start of 2Q11).</p> <p>UF 24 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding the view of market observers that AMD's shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).</p> <p><i>See also Ex. 67</i> (R. Bergman Resp. to Interrog.) at pp. 4-8 (R. Bergman stating that “[i]n early April 2011, AMD began shipping Llano to customers,” and that AMD projected it would “ship well in excess of one million Llano units in the second quarter of 2011”).</p>	
<p><u>Alleged Statement No. 10</u> 4/21/2011 Q1 2011 Earning Call Dep Ex 342 at 8</p>	<p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the precautionary language quoted <i>supra</i> Alleged Statement No. 8.</p> <p><u>Undisputed Material Facts</u></p>	

<p>Speaker: Thomas Seifert <u>Analyst Tim Luke (Barclays Capital)</u> Just on the ramp of Llano, can you give us a feel for the availability of product and really what sort of metrics we might be able to sort of frame in terms of thinking about how that ramp is likely to progress now?</p> <p><u>Thomas Seifert</u> So, we achieved -- we made great progress, which allowed us to ship for revenue. We think we have ample of [sic] product available in the second quarter. On the other side, you know, we saw on Brazos that once the product was out and available on the shelf, demand really went up significantly, and we'll try to prepare for such a situation.</p>	<p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] as of the start of 2Q11).</p> <p>UF 21-23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD's expectations for Llano availability as of the start of 2Q11).</p> <p>UF 24 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding the view of market observers that AMD's shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).</p>	
<p>Alleged Statement No. 11 4/21/2011 Q1 2011 Earning Call Dep Ex 342 at 8 Speaker: Richard Bergman <u>Analyst Tim Luke (Barclays Capital)</u> Just on the ramp of Llano, can you give us a feel for the availability of product and really what sort of metrics we might be able to sort of frame in terms of thinking about how that ramp is likely to progress now?</p> <p><u>Richard Bergman</u> Again, our key for Llano is to hit the critical cycle in the industry, which is BTSC, or the back-to-school cycle. So we have broad-based OEM platform adoption for that timeframe, and we're well positioned to take advantage of that cycle.</p>	<p>The phrases "well positioned" and "take advantage" are non-actionable puffery.</p> <p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the precautionary language quoted <i>supra</i> Alleged Statement No. 8.</p> <p>Undisputed Material Facts</p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and status [REDACTED] as of the start of 2Q11).</p> <p>UF 21-23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD's expectations for Llano availability as of the start of 2Q11).</p> <p>UF 24 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding the view of market observers that AMD's shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).</p> <p>Furthermore:</p> <p>25. During 2011 and 2012 a majority of AMD's microprocessor sales were to OEMs.</p> <ul style="list-style-type: none"> • Ex. 59 (C. Cloran Depo. Tr.) at 49:8-16 ("<i>The OEMs, I believe, were the significant lion's share of the business.</i> They brought us to the dance."); 	

	<ul style="list-style-type: none"> • <u>Ex. 379</u> (Whitworth Decl.) at ¶ 12 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold <i>91.3 million microprocessors for \$3.546 billion to OEMs and 48.7 million microprocessors for \$2.680 billion to channel customers</i>); • <i>See also Ex. 61</i> (December 20, 2016 Expert Report of R. Kapoor) at ¶ 32 & Figure 2 (AMD sales data showing 2011-2012 microprocessor sales of \$6,244,391,000, comprising sales of <i>\$3,564,141,000 to OEMs and \$2,680,250,000 to channel customers</i>). <p>26. The “back-to-school cycle” was important for OEMs but not channel customers.</p> <ul style="list-style-type: none"> • <u>Ex. 62</u> (Depo. Ex. 342) (April 21, 2011 AMD 1Q11 Earnings Call Tr.) at p. 8 (R. Bergman stating <i>just prior</i> to Alleged Statement No. 11: “Again, our key for Llano is to hit the critical cycle in the industry, which is BTSC, or <i>the back-to-school cycle</i>. So we have <i>broad-based OEM platform adoption for that timeframe . . .</i>”); • <u>Ex. 59</u> (C. Cloran Depo. Tr.) at 46:23-47:25 (“Q. . . . And would back-to-school 2C overlap with holiday . . . A. . . . Darren Grasby in -- well, <i>the Channel didn't really have any cycles</i> . . . it referred mainly to the MNCs and the selling cycle for them, so I would talk to someone in sales and marketing. Q. Okay. <i>And you said the Channel didn't really have cycles?</i> A. <i>It really didn't, you know. . . .</i>”). • <u>Ex. 63</u> (D. Grasby Depo. Tr.) at 79:11-14 (“Q. Did you ever deal with back-to-school sales with your [channel] customers? A. <i>Back-to-school sales would be discussed, but it was a tiny fraction of our business.</i>”); • <i>See also Ex. 67</i> (R. Bergman Resp. to Interrog.) at pp. 4-8 (R. Bergman stating that, as his “comments make clear, [he] was <i>referring to OEM customers</i>, not channel customers”). 	
<p><u>Alleged Statement No. 12</u> <u>4/21/2011 Q1 2011 Earning Call</u> <u>Dep Ex 342 at 20</u> <u>Speaker: Thomas Seifert</u> <u>Analyst Cody Acree (Williams Financial Group)</u> Thanks for fitting me in here. Going back to an earlier question about kind of your comparison of order rates versus what Intel had seen. Intel definitely got some atypical seasonality heading into their product launch, a big burn in the</p>	<p>The phrase “very strong channel demand” is non-actionable puffery.</p> <p><u>Undisputed Material Facts</u></p> <p><u>UF 110</u> and sources cited <i>infra</i> Alleged Statement No. 38 (noting that approximately 70% of AMD's desktop sales were to channel customers in 2011 and 2012, with market observers recognizing that desktop sales generally referred to channel sales).</p> <p>27. AMD's revenues from microprocessor sales to channel customers were \$429 million in 1Q11, with revenue from desktop sales up 9% over 4Q10.</p>	

<p>channel and then a big restocking. What are you seeing as far as typical seasonality of order patterns ahead of both Brazos and Llano?</p> <p><u>Thomas Seifert</u></p> <p>You know, we -- even if it disappoints you, I cannot give you much different arguments, to be very honest. We felt very strong channel demand, partly driven by the products that we started to ramp, also in part restocking of their Q4 burndown. The visibility we have into their inventories does not indicate any alarming things. Inventories seem to be lean and in line with what you expect for the business at this time in the cycles. And we had a couple of emerging markets where our products -- or our platform-based products were sold out on the shelf. So, not much more to add to that.</p>	<ul style="list-style-type: none"> • <u>Ex. 379</u> (Whitworth Decl.) at ¶ 13 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD earned \$429 million from microprocessor sales to channel customers in 1Q11.) • <u>Ex. 12</u> (AMD-003-000109973) at 6 (1Q11 Business Unit Review stating: “D[esk]T[op] CPU revenue was \$603M, the highest Q1 revenue since 2006, up 5% from Q410 (\$576M) and an 11% increase compared to Q110 (\$541M) <i>due primarily to a strong channel demand in a 14 week qtr. . . [Desktop] channel revenue was up over 9% from Q4 2010</i>”). • <i>See also Ex. 61</i> (December 20, 2016 Expert Report of R. Kapoor) at ¶ 108 & Figure 17 (AMD had <i>microprocessor sales of \$429.240 million to channel customers</i> in 1Q11). <p>28. As of April 2011, AMD anticipated being in a position to sell approximately 30,000 or more Llano desktop units to channel customers in 2Q11.</p> <ul style="list-style-type: none"> • <u>Ex. 65</u> (AMD-003-000269758) at 759 (April 28, 2011 AMD email to D. Grasby and others, stating: “If we [pull in the launch date from 7/21 to 7/6] and follow the current silicon schedule, <i>we can revenue ~30k [units] in Q2. With a little pushing, we can get another 50-100k.</i>”). <p>29. AMD shipped about 70,000 Llano desktop units to channel customers in 2Q11.</p> <ul style="list-style-type: none"> • <i>See also Ex. 64</i> (AMD-016-001930374) at p. 7 (2Q11 Business Unit Review stating: “<i>AMD shipped the first 70ku Lynx [Llano] units . . . to the Desktop channel in Q211</i> priming the channel for ramp in Q311.”). <p>30. Market observers recognized during 2Q11 that Llano shipments to channel customers would increase in subsequent quarters.</p> <ul style="list-style-type: none"> • <u>Ex. 384</u> (AMD-021-002261371) at p. 3 (April 8, 2011 Longbow analyst report stating: “AMD Llano (mainstream) <i>APU expected to account for a small share of AMD-based desktop builds in 2Q</i>; contacts note that most PC ODMs are still in the product design and testing phase. <i>Major volume expected to begin in 3Q</i> with orders solidifying after Computex.”). 	
<p>Alleged Statement No. 13 4/21/2011 Q1 2011 Earning Call Dep Ex 342 at 13 Speaker: Thomas Seifert Analyst Vivek Arya (Bank of America/Merrill</p>	<p>This statement is not at issue in this case because it was not alleged to be false in any of the complaints filed in this action, including the operative one (Dkt. No. 61).</p> <p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the precautionary language quoted <i>supra</i> Alleged Statement No. 9.</p> <p>Undisputed Material Facts</p>	

<p><u>Lynch)</u></p> <p>Got it. And just one last question, if I may. I think in the past you have given long-term targets of getting to 50% gross margin, perhaps better than that. What about the APU gives you better margins? What are really the main drivers from here on to get to that kind of target? Thank you.</p> <p><u>Thomas Seifert</u></p> <p>We said that this pretty much comes from different levers. For the low end of our APU strategy, the Brazos product that we are shipping currently that are so hugely successful, for those products it's much more a cost optimization. They're highly gross margin accretive because of good design and chip size efficiencies. On the APUs, that -- or the spectrum that is covered by the Llano product, that is much more a margin accretive game through price performance and price points at which we can play now.</p>	<p><i>See UF 14-20</i> and sources cited <i>supra</i> Alleged Statement No. 7 (regarding dollar- and percentage-based measures of gross-margin accretion and AMD gross margins and projections as of the beginning of 2Q11).</p> <p>Furthermore:</p> <p>31. As of the end of 1Q11, AMD's Company-wide GAAP and non-GAAP gross margin percentages were 43% and 45%, respectively.</p> <ul style="list-style-type: none"> • Ex. 69 (April 21, 2011 AMD Form 8-K) at Exhibit 99.1 p.2 (1Q11 AMD earnings release stating: “<i>Gross margin was 43 percent. . . . Non-GAAP gross margin was 45 percent</i>, flat sequentially.”). <p>32. AMD stated during its 1Q11 earnings call that Llano units would likely replace some GPU units in AMD's sales mix.</p> <ul style="list-style-type: none"> • Ex. 62 (April 21, 2011 AMD 1Q11 Earnings Call Tr.) (Depo. Ex. 342) (Depo. Ex. 342) at 7 (T. Seifert stating: “Moving forward, we'll see that at least <i>at the low end of the graphics stack, there will be some replacement because . . . the APU performance is really compelling.</i>”); • <i>Id.</i> at p. 7 (R. Bergman stating: “Obviously, our <i>Llano processors have truly discrete level graphics performance, so in some cases, the market just won't need to add an additional GPU.</i>”). 	
<p><u>Alleged Statement No. 14</u> 4/21/2011 Q1 2011 Earning Call Dep Ex 342 at 3 Speaker: Thomas Seifert</p> <p><u>Thomas Seifert</u></p> <p>Lower than anticipated 32 nm manufacturing costs and the ramp of margin-accretive APUs offset the negative impact of seasonally-lower game console revenues, lower ASPs, and a weaker product mix in legacy microprocessor products.</p>	<p>This statement is not at issue in this case because it was not alleged to be false in any of the complaints filed in this action, including the operative one (Dkt. No. 61).</p> <p><u>Undisputed Material Facts</u></p> <p><u>UF 14-20</u> and sources cited <i>supra</i> Alleged Statement No. 7 (regarding dollar- and percentage-based measures of gross-margin accretion and AMD gross margins and projections as of the beginning of 2Q11).</p> <p><u>UF 31-32</u> and sources cited <i>supra</i> Alleged Statement No. 13 (regarding the margin-accretiveness of AMD's APUs on a product-replacement basis).</p> <p>33. AMD shipped 3.686 million APUs in 1Q11, comprising 0.001 million Llano APUs and 3.685 million Brazos APUs.</p> <ul style="list-style-type: none"> • Ex. 12 (AMD-003-000109973) at p. 5 (1Q11 Business Unit Review showing that AMD shipped 0 Llano desktop APUs, 1,000 Llano notebook APUs, 291,000 Brazos (“Ontario/Zacate”) desktop APUs, and 3.394 million Brazos (“Ontario/Zacate”) notebook APUs). 	

	<p>34. AMD's gross margin on sales of Brazos APUs was 62.4% in 1Q11.</p> <ul style="list-style-type: none"> • <u>Ex. 42</u> (AMD-002-000012068-69) at 069, Excel TAB “Forecast Tab[,]” cell N268 (April 13, 2011 AMD email attaching spreadsheet file-named “Q211 Scenarios 1593.xlsx” showing <i>1Q11 Brazos or Ontario gross margin of 62.4%</i>); • <i>See also Ex. 12</i> (AMD-003-000109973) at p. 7 (1Q11 Business Unit Review stating: “<i>Brazos made up ~53% of overall unit mix, and resulted in increased margin %.</i>”). 	
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Alleged False or Misleading Statements: Ex. 78 (May 17, 2011 J.P. Morgan Conference Transcript) (Depo. Ex. 346)

Alleged False or Misleading Statement	Undisputed Material Facts	Plaintiffs' Responses
<p>Alleged Statement No. 15 5/17/2011 J.P. Morgan Conference Dep Ex 346 at 3, 3-4 Speaker: Thomas Seifert <u>Analyst Chris Danely (JPMorgan Chase & Co.)</u> Sure. Just to touch on that, can you just refresh us on the supply agreement with GLOBALFOUNDRIES, and then, also, how that's going to work with TSMC? What products you guys are manufacturing at TSMC now and how you expect your manufacturing strategy to evolve over the next one to three years?</p> <p><u>Thomas Seifert</u> And that was, in our opinion, necessary to better align our GLOBALFOUNDRIES purchasing agreement with our business case and making really sure that our costs are forecastable; that the incentives at our business partners are really on increasing performance for us, especially on 32 nm ramp in the second half of the year; and align the costs that we incur and the products we get; and also put that agreement into more mainstream typical foundry agreements.</p> <p>So, I think that was absolutely key for us. We are</p>	<p>The phrase “making good progress” is non-actionable puffery.</p> <p>Undisputed Material Facts</p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] as of the start of 2Q11).</p> <p>UF 12-13 and sources cited <i>supra</i> Alleged Statement No. 6 (regarding technological process on the 32-nanometer node and associated yields at GF, and the status as of the beginning of 2Q11).</p> <p>UF 21-23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD’s expectations for Llano availability as of the start of 2Q11).</p> <p>UF 24 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding the view of market observers that AMD’s shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).</p> <p>UF 27-30 and sources cited <i>supra</i> Alleged Statement No. 12 (regarding AMD’s understanding of channel demand as of 2Q11, including channel demand for its APUs and related products).</p> <p>Furthermore:</p> <p>35. As of May 17, 2011 Llano prime yields were about 15 percentage points higher than they had been about five months earlier.</p> <ul style="list-style-type: none"> • <u>Ex. 217</u> (AMD-020-002078930) at slide 20 (November 16, 2010 AMD slide titled “Sabine Critical Projects Review for WW46” and stating: “WW46: 162 wafers; 3.3% [Actual Yield]”); 	

making good progress. 32 nm is ramping. Llano is going to be launched this quarter. We're shipping product. We're looking forward to start 28 nm production in the first half of next year, and then 20 nm in the second half of 2012.

- **Ex. 70** (AMD-003-000405419-420) at 420 slide 1 (May 15, 2011 GF email to T. Seifert, the GF Board of Directors, and others, attaching WW20 "Llano Update" stating: "*The average is at 18%*");
36. **AMD and GF took corrective action when Llano yields stopped improving in April and May 2011.**
- **Ex. 71** (AMD-003-000019494-495) at 495 slide 1 (April 10, 2011 GF email to T. Seifert, the GF Board of Directors, and others, attaching WW15 "Llano Update" stating: "Trend is flattening out since a few weeks: → *two actions are needed 1) execute along improvement plan with strong focus on high%-detractors [and] 2) reduce process/tool variation* . . . This will tighten the distribution and raise the avg yield . . . Key WW15 Learning: Several critical items that cause degraded yield have been discovered. . . . There will be more findings like this in the near future driven by the higher WIP and improved CFM-strategies. *This is key learning that will help to stabilize processes and tighten the yield distribution.*");
 - **Ex. 72** (AMD-016-001736006-008) at 008 slide 1 (April 21, 2011 GF email to T. Seifert and others, attaching WW17 "Exec Update" stating: "**Refocus . . . initiated to get back on track**: It is important to re-direct resources back to 32nm SOI to ensure we get back on the yield step-up plan → **Have initiated cross-functional site team to drive the urgency and priority of this program** → Task Force Mode . . . to secure Q2 by fixing variation late in the flow.");
 - **Ex. 73** (AMD-003-000078381-382) at 382 slide 1 (April 24, 2011 GF email to T. Seifert, the GF board of directors, and others, attaching WW17 "Llano Update" stating: "[W]e're not anymore on a uptrend but even below the plateau . . . As a consequence to this trend **a '32nm Steering Team' has been created**. The overall charter for this team is to reach the Q2-target line in ca 4 weeks from now and then stay above the line with significant margin. . . . **The actions initiated by the 32nm Steering Team have been presented to John, Chekib and Rick [Bergman] during their visit yesterday**. Based on AMD's feedback and the discussion during this meeting we will add several actions, asign [sic] owners/due dates.");
 - **Ex. 74** (AMD-021-002294419) at 472 (May 11, 2011 GF board deck noting that a "**site-wide task force**" including "**8 sub-teams**" had been created to identify, monitor and reduce manufacturing defects, and that yields would likely recover and improve for the remainder of the 2nd quarter);
 - **Ex. 75** (AMD-016-001736337-339) at 339 slide 1 (May 12, 2011 email from GF to T. Seifert and others, attaching "executive update" slide deck noting among other things: "WW20 [y]ield is recovering a little and getting closer to 18% again. **The**

	<p><i>capability is still there</i>... we had a 33% yield-lot end of last week and again a 46% wafer today (lot avg so far is 35%). . . . <i>the detractors mentioned during the last updates . . . are contained . . .</i>”);</p> <ul style="list-style-type: none"> • <i>See also Ex. 6</i> (December 20, 2016 Expert Report of K. Lisiak) ¶ 118(b) (“[I]t is clear to me <i>AMD and GlobalFoundries both reacted to the three-week leveling with appropriate urgency and planning</i> . . . It was far too early . . . to reasonably conclude that it was . . . more than a <i>temporary deviation from plan</i>.”). <p>37. On May 11, 2011 AMD SVP of Global Operations John Docherty told Thomas Seifert and Rick Bergman that AMD was still aiming to ship 1 million units of Llano in 2Q11.</p> <ul style="list-style-type: none"> • <i>Ex.76</i> (AMD-003-000165254) (May 11, 2011 email from AMD SVP of Global Operations J. Docherty to T. Seifert, R. Bergman, and others stating: “This is largely the result of <i>last Friday's wafer de-commit, combined with suppressed yields</i> (not recovering as fast as predicted). <i>We are still shooting for 1Mu</i>, which can be achieved if the excursion material is tested good.”). 	
<p><u>Alleged Statement No. 16</u> 5/17/2011 J.P. Morgan Conference Dep Ex 346 at 6, 7 Speaker: Thomas Seifert <u>Analyst Chris Danely (JPMorgan Chase & Co.)</u> Sure. And then, what will be the impact to the business model as far as margins go, ASPs go, versus the current product lineup?</p> <p>Thomas Seifert The Llano products are going to be margin accretive from a price performance point of view because it allows us to upsell. It allows us to play in segments of the notebooks that we have not been able, and price SKUs that we have not been able to address before. And then, the server is goodness that is going to come on top of that in the second half.</p>	<p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the following precautionary language:</p> <p>In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.</p> <p><u>Ex. 78</u> (May 17, 2011 J.P. Morgan Conference Transcript) (Depo. Ex. 346) at p. 13.</p> <p>The statements in this report include forward-looking statements. These forward-looking statements are based on current expectations and beliefs and involve numerous risks and uncertainties that could cause actual results to differ materially from expectations. These forward-looking statements should not be relied upon as predictions of future events as we cannot assure you that the events or circumstances reflected in these statements will be achieved or will occur. You can identify forward-looking statements by the use of forward-looking terminology</p>	

including "believes," "expects," "may," "will," "should," "seeks," "intends," "plans," "pro forma," "estimates," or "anticipates" or the negative of these words and phrases or other variations of these words and phrases or comparable terminology. The forward-looking statements relate to, among other things: our server business, demand for our products; the timing of new product releases and technology transitions; the growth and competitive landscape of the markets in which we participate; the outcome of legal proceedings and the related impact of such outcome on our financial condition or results of operations; our future payments to GLOBALFOUNDRIES Inc. (GF) under the wafer supply agreement; our product roadmap; unrecognized tax benefits; the operating results of the Handheld business; the level of international sales as compared to total sales; the availability of external financing; our ability to sell our auction rate securities in the next twelve months and our hedging strategy. Material factors and assumptions that were applied in making these forward-looking statements include, without limitation, the following: the expected rate of market growth and demand for our products and technologies (and the mix thereof); our expected market share; our expected product costs and average selling price; our overall competitive position and the competitiveness of our current and future products; our ability to introduce new products, consistent with our current roadmap; our ability to raise sufficient capital on favorable terms; our ability to make additional investment in research and development and that such opportunities will be available; our ability to realize the anticipated benefits of our fabless business model; GF's manufacturing yields and wafer volumes; the expected demand for computers; and the state of credit markets and macroeconomic conditions. Material factors that could cause actual results to differ materially from current expectations include, without limitation, the following: that Intel Corporation's pricing, marketing and rebating programs, product bundling, standard setting, new product introductions or other activities may negatively impact our plans; that we may be unable to develop, launch and ramp new products and technologies in the volumes that are required by the market at mature yields on a timely basis; that our third party foundries will be unable to transition our products to advanced manufacturing process technologies in a timely and effective way; that our third party foundries will be unable to manufacture our products on a timely basis in sufficient quantities and using competitive process technologies; that we will be unable to obtain sufficient manufacturing capacity or components to meet demand for our products or will not fully utilize our projected manufacturing capacity needs at GF's microprocessor manufacturing facilities in 2012 and beyond; that we may be unable to realize the anticipated benefits of our fabless business model or our relationship with GF because, among other things,

the synergies expected from the transaction may not be fully realized or may take longer to realize than expected; that customers stop buying our products or materially reduce their operations or demand for our products; that we may be unable to maintain the level of investment in research and development that is required to remain competitive; that the recent earthquake and tsunami in Japan may have significant impacts on our supply chain or customers; that there may be unexpected variations in market growth and demand for our products and technologies in light of the product mix that we may have available at any particular time or a decline in demand; that our substantial indebtedness could adversely affect our financial position and prevent us from implementing our strategy or fulfilling our contractual obligations; that we will require additional funding and may be unable to raise sufficient capital on favorable terms, or at all; that global business and economic conditions will not continue to improve or will worsen; that demand for computers will be lower than currently expected; and the effect of political or economic instability, domestically or internationally, on our sales or supply chain. For a discussion of factors that could cause actual results to differ materially from the forward-looking statements, see “Part II, Item 1A—Risk Factors” section beginning on page 38 and the “Financial Condition” section beginning on page 30 and other risks and uncertainties set forth below in this report or detailed in our other Securities and Exchange Commission (SEC) reports and filings. We assume no obligation to update forward-looking statements.

Ex. 168 (AMD 2Q11 Form 10-Q dated May 10, 2011) at p. 22.

Undisputed Material Facts

UF 14-20 and sources cited *supra* Alleged Statement No. 7 (regarding dollar- and percentage-based measures of gross-margin accretion and AMD gross margins and projections as of the beginning of 2Q11).

UF 31-32 and sources cited *supra* Alleged Statement No. 13 (regarding the margin-accreteness of AMD’s APUs on a product-replacement basis).

UF 33-34 and sources cited *supra* Alleged Statement No. 14 (regarding the contribution of Brazos to the margin-accreteness of AMD’s APUs as of 2Q11).

Furthermore:

38. **AMD’s Llano APUs had a higher average sales price in 2011 than AMD’s microprocessor products overall.**

	<ul style="list-style-type: none"> • <u>Ex. 77</u> (AMD-003-000404217) at 219 (March 21, 2011 AMD email projecting “<i>Llano (Sabine/Lynx) ASP</i>” figures of \$66 in 2Q11, \$69 in 3Q11, and \$70 in 4Q11); • <u>Ex. 211</u> (AMD-002-000011457) at p 19 (2Q12 Business Unit Review showing companywide “<i>MPU ASP[s]</i>” of \$51 in 1Q11, \$48 in 2Q11, \$50 in 3Q11, and \$53 in 4Q11); • <i>See also Ex. 61</i> (December 20, 2016 Expert Report of R. Kapoor) at Appendix C, page 5, Figure C4 (citing IDC data showing that <i>ASPs for AMD microprocessors averaged less than about \$60 from 1Q10 through 1Q12.</i>) <p>39. As of May 2011 AMD expected that Llano units would likely replace some lower-margin GPU units in its sales mix.</p> <ul style="list-style-type: none"> • <u>Ex. 78</u> (May 17, 2011 J.P. Morgan Conference Transcript) (Depo. Ex. 346) at p. 9 (T Seifert, stating at the J.P. Morgan Technology, Media, and Telecom Conference: “<i>Beyond that, you will see that the low-end GPU segment is going to deteriorate, just because the performance of the integrated [APU] products is going to be overwhelming.</i>”); • <u>Ex. 79</u> (AMD-003-000434633) (May 5, 2011 AMD email to T. Seifert and others stating: “After reviewing the attached ASP and GM data from Q1’11 coupled with your recent remarks that our sales folks don’t know how to sell silicon north of \$75 and some remarks made by some folks at OLE earlier this week, <i>I wanted to ask if it’s understood by our global sales force the value proposition and richness for AMD in focusing on selling APUs and not getting distracted by OEMs who want to tick the discrete GPU box for which we get a very poor ASP and an even poorer GM</i>, and diminishing profitability?”). 	
<p>Alleged Statement No. 17 5/17/2011 J.P. Morgan Conference Dep Ex 346 at 7 Speaker: Thomas Seifert <u>Analyst Chris Danely (JPMorgan Chase & Co.)</u> So is Llano going to be introduced in time to have a meaningful impact to your business model in Q2 or is it more of a Q3? <u>Thomas Seifert</u> <u>We launched it this quarter with momentum,</u></p>	<p>The phrases “with momentum” and “second half of the year effect” are non-actionable puffery.</p> <p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the precautionary language quoted <i>supra</i> Alleged Statement No. 16.</p> <p>Undisputed Material Facts</p> <p>For “launched it this quarter” see:</p> <p><u>UF 23</u> and sources cited <i>supra</i> Alleged Statement No. 8 (regarding Llano launching as planned in June 2011).</p> <p>For “with momentum” see:</p>	

<p>but we always said it's going to be a second half of the year effect, yes.</p>	<p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] as of the start of 2Q11).</p> <p>UF 12-13 and sources cited <i>supra</i> Alleged Statement No. 6 (regarding technological process on the 32-nanometer node and associated yields at GF, and the status as of the beginning of 2Q11).</p> <p>UF 21-23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD's expectations for Llano availability as of the start of 2Q11).</p> <p>UF 24 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding the view of market observers that AMD's shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).</p> <p>UF 27-30 and sources cited <i>supra</i> Alleged Statement No. 12 (regarding AMD's understanding of channel demand as of 2Q11, including channel demand for its APUs and related products).</p> <p>UF 34-36 and sources cited <i>supra</i> Alleged Statement No. 15 (regarding Llano yield actions and sales expectations as of May 2011).</p> <p>For “second half of the year effect” see:</p> <p>UF 10 and sources <i>supra</i> Alleged Statement No. 1 (regarding AMD's expectations as of the start of 2Q11 for Llano die supplies in 3Q11).</p> <p>UF 19-20 and sources <i>supra</i> Alleged Statement No. 7 (regarding AMD's projections as of 2Q11 for the gross-margin contribution of Llano products in 2H11).</p> <p>Furthermore:</p> <p>40. Thomas Seifert stated on AMD's 1Q11 earnings calls that AMD was trying to prepare for Llano demand to go up, and that increased Llano shipments should contribute to ASP performance and gross margin development in 2H11.</p> <ul style="list-style-type: none"> • Ex. 62 (April 21, 2011 1Q11 Earnings Call Tr.) (Depo. Ex. 342) at p. 8 (“[Question from analyst:] Just on the ramp of Llano, can you give us a feel for the availability of product and really what sort of metrics we might be able to sort of frame in terms of thinking about how that ramp is likely to progress now? [Answer from Thomas Seifert:] So, we achieved -- we made great progress, which allowed us to ship for revenue . . . in the second quarter. On the other side, you know, <i>we saw on Brazos that once the product was out and available on the shelf, demand really went up significantly, and we'll try to prepare for such a situation.</i>.”); 	
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	<ul style="list-style-type: none"> • <i>Id.</i> at p. 9 (Thomas Seifert stating: “[I]n the third and fourth quarters, then, ASP performance should go up, higher share of Llano shipments, and then the additional impact of the server shipments.”); • <i>Id.</i> at p. 14 (Thomas Seifert stating: “[W]e are looking forward to see a higher mix of Llano-based products in the second half, and of course, we are looking forward to see stronger shipments into the server segment and getting our Bulldozer-based product into the market, and this would have a substantial impact on gross margin development in the second half.”) 	
<p><u>Alleged Statement No. 18</u> 5/17/2011 J.P. Morgan Conference Dep Ex 346 at 4 Speaker: Thomas Seifert <u>Analyst Chris Danely (JPMorgan Chase & Co.)</u> Sure. And then, any potential worries or issues? How do you feel about wafer availability in the second half of this year from your foundry partners? <u>Thomas Seifert</u> Currently we have no issues, no tightness in wafer supply. There are no signs today that we are going to be constrained from a pure wafer capacity point of view at this point in time. There were some concerns in the beginning of the year, especially after the Japan earthquake, whether wafer supply would be suffering, but you know, all those risks have been mitigated. So from a pure capacity point of view, we should be in good shape for the second half.</p>	<p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the precautionary language quoted <i>supra</i> Alleged Statement No. 16.</p> <p><u>Undisputed Material Facts</u></p> <p>41. An earthquake occurred in mid-March 2011 in a region of Japan that produces a significant proportion of the silicon wafers used in semiconductor manufacturing.</p> <ul style="list-style-type: none"> • <i>Ex. 27</i> (AMD-021-002262011) at p. 1 (April 4, 2011 Macquarie analyst report stating: “Due to recent supply chain disruptions caused by the earthquake in Japan, we are lowering our CY11 estimates for AMD (as we have done for other companies in our universe). . . . While it is difficult to quantify the full supply chain impact of the earthquake, we believe a combination of supply chain tightness in key components such as wafers and materials could potentially impact build rates in the short term (whether or not AMD processors experience production disruptions or limited supply on poor yields.”). <p>42. Following the earthquake in mid-March 2011 in Japan, AMD sought and received assurances from GF that wafer-supply risks had been mitigated and AMD would not be capacity-constrained due purely to silicon unavailability.</p> <ul style="list-style-type: none"> • <i>Ex. 80</i> (AMD-003-000424149) at 150 (March 26, 2011 email from AMD SVP of Global Operations J. Docherty to GF, asking: “I am sure you’re inundated with requests for responses to the earthquake . . . we’re are! What is your mitigation to ensure enough Si and SOI [silicon] material? . . . Can you give me some insight (don’t need any raw numbers, just some reassurance AMD is in good hands). ”); • <i>Id.</i> at 149 (March 25, 2011 email from to GF to AMD SVP of Global Operations J. Docherty, stating in reply: “My personal take is that there is no supply shortage issue for AMD wfrs. If I sense a problem, I will inform you.”). 	

	<p>43. Thomas Seifert was prepared in advance of his May 17, 2011 statements to address the effect of the earthquake on AMD's silicon-wafer supply.</p> <ul style="list-style-type: none"> • Ex. 81 (AMD-003-000107029-031) (May 13, 2011 AMD email to T. Seifert stating: “The questions Chris Danely expects to ask you on-stage a[re] . . . Have you seen any inventory build because of japan earthquake . . .”); • Id. at 042. (May 13, 2011 AMD email to T. Seifert attaching “briefing doc” stating: “AMD is continuously monitoring the situation in Japan . . . One of our biggest items re constraint could hypothetically be [wafer] substrates for both CPU and GPU. However, we are benefitted by having several materials dual sourced (before the disaster) and it's something we continue to monitor carefully.”); • Id. at 043. (May 13, 2011 AMD email to T. Seifert attaching “briefing doc” containing “Reuters New” article stating: “Top wafer supplier Shin-Etsu suffered a production loss after the quake and tsunami hit its plants, which account for 20 percent of global wafer output.”). 	
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Alleged False or Misleading Statements: Ex. 91 (July 21, 2011 AMD 2Q11 Earnings Call Transcript) (Depo. Ex. 353)

Alleged False or Misleading Statement	Undisputed Material Facts	Plaintiffs' Responses
<p>Alleged Statement No. 19 7/21/2011 2Q 2011 Earnings Call Dep Ex 353 at 3 Speaker: Thomas Seifert Thomas Seifert</p> <p>In 2011 AMD kicked off the Fusion era of computing, bringing to market the industry's biggest architectural change since the invention of the microprocessor. Brazos, our first APU for the thin and light notebook and netbook markets, is an unqualified hit and is one of our fastest ramping processors in our history.</p> <p>In June we expanded our Fusion offerings with the launch of the A-Series APU for mainstream notebook and desktops code-named Llano. We shipped more than 1 million A-Series APUs in the second quarter. Based on strong demand</p>	<p>The phrase “strong demand signals” is non-actionable puffery.</p> <p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the following precautionary language:</p> <p>Before today's call, I would like to caution everybody that we will be making forward-looking statements about management's expectations. Investors are cautioned that those statements are based on current beliefs, assumptions and expectations, speak only as of the current date, and involve risks and uncertainties that could cause actual results to differ materially from our current expectations.</p> <p>The semiconductor industry is generally volatile, and market conditions are particularly difficult to forecast, especially in light of the current state of the economy. We encourage you to review our filings with the SEC where we discussed these risk factors that could cause actual results to differ materially from our expectations. You will find detailed discussions about such risks factors in our most recent SEC filings, AMD's quarterly report on Form 10-Q for the quarter ended April 2, 2011.</p> <p>Ex. 91 (July 21, 2011 AMD 2Q11 Earnings Call Transcript (Dep. Ex. 353) at p. 3.</p>	

<p>signals and SKU assortment for the second half of the year, we expect the Llano ramp will outpace the Brazos ramp.</p>	<p><u>Undisputed Material Facts</u></p> <p>44. AMD ramped Brazos to about 1.3 million units in 4Q10 and about 3.685 million units in 1Q11.</p> <ul style="list-style-type: none"> • Ex. 82 (AMD-016-001767353) at 354 (September 14, 2011 AMD email stating: “<i>Brazos ramped 1.3m units to 3.685m units . . . going from Q4’10 to Q1’11.</i>”); • Ex. 12 (AMD-003-000109973) at p. 5 (1Q11 Business Unit Review showing 4Q10 “Ontario/Zacate” sales of 0.047 million desktop and 1.204 million notebook units, and 1Q11 “Ontario/Zacate” sales of 0.291 million desktop and 3.394 million notebook units). <p>45. AMD ramped Llano to about 1.1 million Llano units in 2Q11.</p> <ul style="list-style-type: none"> • Ex. 83 (AMD-003-000436255-258) (July 15, 2011 AMD email to T. Seifert and others attaching “the supply chain report for WW28” and stating: “<i>Delivered 1.1Mu of Llano in Q2 ’11.</i>”); • Ex. 64 (AMD-016-001930374) at p. 7 (2Q11 Business Unit Review showing 2Q11 “Llano - Lynx” desktop sales of 0.1 million units, and 2Q11 “Llano – Sabine” notebook sales of 1.004 million units). <p>46. For the Llano ramp to outpace the Brazos ramp, AMD needed to ramp Llano to more than either 3.685 million units (on an absolute units-sold basis) or 3.1 million units (on a quarter-over-quarter percentage increase basis) in 3Q11.</p> <ul style="list-style-type: none"> • Ex. 82 (AMD-016-001767353) at 354 (September 14, 2011 AMD email stating: “I interpret it to say that <i>Q3 Llano unit shipments will outpace the Brazos ramp.</i> Brazos ramped 1.3m units to 3.685m units (Brazos only; not including embedded APUs), going from Q4’10 to Q1’11. That’s a factor of 2.83. <i>Llano units shipped in Q3 have to grow higher than by 2.83x. In Q2, we shipped 1.1m units of llano APUs. 1.1 x 2.83 = 3.1m. Therefore, we need to ship more than 3.1m in Q3</i> for the Llano ramp to be steeper than the Brazos ramp.”). <p>47. During the period leading up to July 21, 2011, AMD and GF were forecasting 3Q11 Llano supply and demand in excess of the 3.685 million (or 3.1 million) units needed to outpace the Brazos ramp.</p> <ul style="list-style-type: none"> • Ex. 84 (AMD-003-000168669-670) at slide 2 (July 1, 2011 AMD email to AMD SVP of Global Operations J. Docherty attaching slide deck titled “Q3 Llano1 Fusion Supply Scenarios” projecting a <i>3Q11 “Base Case” of 47,004 wafers and 37% fusion yield</i> in 3Q11, figures that equate to over 4.55 million Llano units); 	
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- Ex. 85 (AMD-003-000049994-996-997-998) at 996, Excel TAB “Summary & Assumptions[,]” cell E11 (July 6, 2011 email from GF VP of Sales J. Zucker to AMD SVP of Global Operations J. Docherty and others, attaching spreadsheet file-named “32 nm 3q Wafer&Yield.xlsx” and slide deck titled “Q311 32 Output Summary.pptx” projecting a **“Baseline” plan of 5,354,352 Llano units**);
- Ex. 86 (AMD-003-000169033) at 034-035 (July 11, 2011 AMD email to AMD SVP of Global Operations J. Docherty and M. Rowlandson stating: “Mike [Rowlandon] met with Patrick and the GF team. **They recommending we use the ‘downside yield assumptions’ with the baseline Wafer Out plan [for 3Q11 deliveries of “4,965,979” Llano units]**. I have marked them below in yellow. . . . If you wish to discuss this with Mike and I, we can jump on a call with you before your meeting with Rick [Bergman] and Thomas [Seifert].”);
- Ex. 88 (AMD-003-000169208) (July 14, 2011 AMD email to AMD SVP of Global Operations J. Docherty stating: **“Today’s planning runs look like 4.2Mu is locked and 4.5Mu is about 70% confidence**. If we get new parameters loaded for sort from GF by Jim’s team, we’ll get it up further.”);
- Ex. 291 (AMD-020-002081474) at 474 (July 14, 2011 AMD email to AMD SVP of Global Operations J. Docherty, R. Bergman, and others stating: “Gentlemen — wanted to clarify the discussions around the 4M vs 5M since there were a few questions earlier today Here are the net takeaways corning out of the discussions: **High confidence at the 4M-4.2M mark . . . 70% confidence in the 4.2M-4.5M mark . . . 50%+ confidence in the 4.5 to 5.0 w/ material yield improvements required to approach the 5M**”);
- Ex. 368 (AMD-003-000425131) (July 14, 2011 email from AMD SVP of Global Operations J. Docherty to T. Seifert and R. Bergman stating: **“[W]e are sending the message there is enough material out there. I have also communicated with [AMD SVP and Chief Sales Officer Emilio [Ghilardi] that the Llano plan has not changed.”**);
- Ex. 367 (AMD-003-000169397-400) (July 17, 2011 email from AMD SVP of Global Operations J. Docherty to T. Seifert, attaching slide deck file-named “Llano _Q3_scenarios_ww29.pptx” and stating: “ FYI. . . **Latest updates continue to suggest we’ll have a good chance of making the 5m Llano shipments.**”);
- Ex. 87 (AMD-016-001932034-035) at 035 slide 2 (July 20, 2011 AMD email to AMD SVP of Global Operations J. Docherty, R. Bergman, and others attaching “Q311 Llano & Daschund Revenue Sensitivity Analysis” slide deck projecting

	<p><i>3Q11 Llano demand in excess of supplies of 4.3 million units (at 90% confidence) or 4.8 million units (at 50% confidence));</i></p> <ul style="list-style-type: none"> • <u>Ex. 89</u> (AMD-021-002318352) at 353-354 (September 8, 2011 email from T. Seifert to I. Ajami stating: “On July 18th during the GF board meeting management committed to you (and to us as a customer) about 49k wafers and a range of 4.6Mio to 5.1Mio Llano. GF even indicated a possible upside to 5.6Mio. <i>This commitment was right in front of our earnings call and we based our guidance on a very conservative delivery of 4.4Mio Llano.</i>”). <p>48. Market observers believed that for the Llano ramp to outpace the Brazos ramp, AMD needed to ship more than about 3 million units of Llano in 3Q11.</p> <ul style="list-style-type: none"> • <u>Ex. 56</u> (AMD-021-002270102) at p. 2 (July 21, 2011 Pacific Crest analyst report stating: “Llano shipped over 1 million units in the current quarter and <i>is expected to ship 3 million or more units in Q3, in excess of the 3 million units shipped of Brazos</i> in Q2 when Brazos was at a similar point in its ramp.”); • <u>Ex. 57</u> (AMD-021-002255495) at p 1 (July 22, 2011 Evercore analyst report stating: “if volume ramp as expected: Management <i>confidently disclosed plans to ship >3mn units</i> of Llano in 3Q11 and >6mn in 4Q11, <i>exceeding the ramp of Brazos</i> which started in 4Q10.); • <u>Ex. 58</u> (AMD-021-002244800) at p. 1 (July 22, 2011 Avian analyst report stating: “Moving forward the company advised that the Llano ramp would happen <i>faster than Brazos and expected to ship greater than 3M units</i> in the current quarter.”); • <u>Ex. 53</u> (AMD-021-002261586) at p. 2 (July 22, 2011 Longbow analyst report stating: “Llano shipment ramp now appears <i>likely to outpace that of Brazos, so look for more than 3M units</i> in 3Q.”); • <u>Ex. 198</u> (AMD-016-001750206) at p. 4 (July 22, 2011 Nomura analyst report stating: “We expect AMD to ship <i>more than 3mn Llano parts in Q3 (we expect the pace of Llano ramp to be faster than Brazos).</i>”); • <u>Ex. 90</u> (AMD-016-001787485) at p. 1 (July 22, 2011 Wells Fargo analyst report stating: “AMD did ship more than a million Llano chips in the quarter and <i>expects to ship of the order of 3 million Llano chips in the September quarter.</i>”). 	
<u>Alleged Statement No. 20</u> 7/21/2011 2Q 2011 Earnings Call Dep Ex 353 at 6 Speaker: Thomas Seifert	<p>The phrase “even higher and better accelerated” is non-actionable puffery.</p> <p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the precautionary language quoted <i>supra</i> Alleged Statement No. 19.</p> <p><u>Undisputed Material Facts</u></p>	

<p><u>Vivek Arya (Bank of America/Merrill Lynch)</u></p> <p>Thomas, the 10% growth you are guiding to for the third quarter, how much of that is from graphics, how much from computing, how much from an ASP lift? And more importantly, how should we align that with Intel's slight change and somewhat question about the PC market versus prior expectations, and then I have a follow-up?</p> <p><u>Thomas Seifert</u></p> <p>Yes, very good question. So, as you know, we entered the market rather conservatively. I'm talking about the PC growth expectations in the very low teens. In the last two quarters, we have been talking about expectation in the [tenants]. Mercury now is at 8.9. And we still think we don't have any indication why we should materially differ from that opinion today. However, I think we see now in the second quarter that the momentum we have started with the process launch, as I said before on our first APU family, with that accelerated ramp, we have now seen over two quarters. The demand it hits in the market is going to be on this level and better for our Llano products that we launched this quarter.</p> <p>We promised we would ship about the same volume of Llano as we shipped in the first quarter of Brazos, and from the demand signals we see today, we expect the ramp to be even higher and better accelerated. And this is really driving our guidance for the third quarter.</p>	<p>For “promised we would ship” and “even higher and better accelerated” <i>see</i>:</p> <p>UF 12-13 and sources cited <i>supra</i> Alleged Statement No. 6 (regarding technological process on the 32-nanometer node and associated yields at GF, and the status as of the beginning of 2Q11).</p> <p>UF 21-23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD’s expectations for Llano availability as of the start of 2Q11).</p> <p>UF 24 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding the view of market observers that AMD’s shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).</p> <p>UF 43-47 and sources cited <i>supra</i> Alleged Statement No. 19 (regarding AMD’s expectation and the market’s understanding that the Llano ramp would outpace the Brazos ramp).</p> <p>UF 50 and sources cited <i>infra</i> Alleged Statement No. 22 (regarding AMD’s shipment of more than 1 million Llano APUs in 2Q11).</p> <p>For “really driving our guidance” <i>see</i>:</p> <p>UF 50-60 and sources cited <i>infra</i> Alleged Statement No. 22 (regarding GF and AMD supply and demand forecasts for 3Q11 and AMD’s 3Q11 guidance process).</p>	
<p><u>Alleged Statement No. 21</u></p> <p>7/21/2011 2Q 2011 Earnings Call</p>	<p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the precautionary language quoted <i>supra</i> Alleged Statement No. 19.</p>	

<p>Dep Ex 353 at 8 Speaker: Thomas Seifert <u>JoAnne Feeney (Longbow Research)</u> <p>Congrats on a nice quarter, folks. I had a question about margins and ASPs. I think we understand that the APUs bring greater margins, certainly the lower end ones, but perhaps some lower ASPs as the previous questioner was getting to. I guess one question I have is, where do you think gross margin can go in the second half and in 2012, and how do you see mix evolving to bring that about? Perhaps specifically you could provide some sense of the relative contribution of the Brazos versus Llano versus Bulldozer to get to those gross margins over the next few quarters.</p> <p>Thomas Seifert Very good question. So, we said that all three products are going to be margin accretive however for different reasons. In the Brazos case, it was primarily a matter of cost position, really being accretive from a very favorable cost position, and I think that played out nicely over the last quarters. We will see margin accretiveness on the Llano side because of better price performance and playing in SKUs that we have not been able to play before, and the server business traditionally I think is a higher gross margin business than our corporate average.</p> </p>	<p>Undisputed Material Facts</p> <p>UF 14-20 and sources cited <i>supra</i> Alleged Statement No. 7 (regarding dollar- and percentage-based measures of gross-margin accretion and AMD gross margins and projections as of the beginning of 2Q11).</p> <p>UF 31-32 and sources cited <i>supra</i> Alleged Statement No. 13 (regarding the margin-accreteness of AMD's APUs on a product-replacement basis).</p> <p>UF 33-34 and sources cited <i>supra</i> Alleged Statement No. 14 (regarding the contribution of Brazos to the margin-accreteness of AMD's APUs as of 2Q11).</p> <p>UF 38-39 and sources cited <i>supra</i> Alleged Statement No. 16 (regarding the margin-accreteness of AMD's APUs on a product-replacement basis).</p> <p>Furthermore:</p> <p>49. Thomas Seifert stated during AMD's 2Q11 earnings call that Llano units would likely replace some lower-margin GPU units in AMD's sales mix.</p> <ul style="list-style-type: none"> • Ex. 91 (July 21, 2011 AMD 2Q11 Earnings Call Tr.) (Depo. Ex. 353) at p. 13-14 (T. Seifert stating: “[F]rom an AMD platform perspective, the need for a low-end graphics GPU is not there . . . <i>low-end discrete GPUs will be replaced with Fusion type products. And this is all goodness for us because it replaces low-cost margin revenue with high cost margin revenue.</i>”). 	
<p>Alleged Statement No. 22 7/21/2011 2Q 2011 Earnings Call Dep Ex 353 at 7 Speaker: Thomas Seifert <u>Analyst Vivek Arya (Bank of America/Merrill Lynch)</u> And are you satisfied with the new Llano support</p>	<p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the precautionary language quoted <i>supra</i> Alleged Statement No. 19.</p> <p>Undisputed Material Facts</p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] of the start of 2Q11).</p>	

you're getting from GLOBALFOUNDRIES? And, as I look out to next year, you have Intel who is going to be on a 22 nanometer product roadmap. How aggressive do you think GLOBALFOUNDRIES or competitive do you think they are compared to that kind of roadmap?

Thomas Seifert

So we cannot complain for sure about a lack of support. I think we receive all the support we need and to be honest also that we deserve by bringing advanced technology to our foundry partners. We have been putting guidance in place for Q2 that we hit that we fully expect to deliver our guidance that we put in front of you today, and I think that is a statement in itself.

UF 12-13 and sources cited *supra* Alleged Statement No. 6 (regarding technological process on the 32-nanometer node and associated yields at GF, and the status as of the beginning of 2Q11).

UF 21-23 and sources cited *supra* Alleged Statement No. 8 (regarding AMD's expectations for Llano availability as of the start of 2Q11).

UF 24 and sources cited *supra* Alleged Statement No. 8 (regarding the view of market observers that AMD's shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).

UF 27-30 and sources cited *supra* Alleged Statement No. 12 (regarding AMD's understanding of channel demand as of 2Q11, including channel demand for its APUs and related products).

UF 34-36 and sources cited *supra* Alleged Statement No. 15 (regarding Llano yield actions and sales expectations as of May 2011).

UF 43-47 and sources cited *supra* Alleged Statement No. 19 (regarding AMD's expectation and the market's understanding that the Llano ramp would outpace the Brazos ramp).

Furthermore:

50. AMD shipped more than 1 million Llano APUs in 2Q11.

- **Ex. 91** (July 21, 2011 AMD 2Q11 Earnings Call Tr.) (Depo. Ex. 353) at p. 3 (July 21, 2011 2Q11 Earnings Conference Call Tr.) at 3 (T. Seifert stating: "**We shipped more than 1 million A-Series APUs in the second quarter.** Based on strong demand signals and SKU assortment for the second half of the year, we expect the Llano ramp will outpace the Brazos ramp.").

51. AMD met its 2Q11 guidance with \$1.57 billion in revenues for the quarter.

- **Ex. 62** (April 21, 2011 AMD 1Q11 Earnings Call Tr.) (Depo. Ex. 342) at pp. 3-4 (T. Seifert stating on April 21, 2011: "First-quarter revenue was \$1.61 billion . . . For the second quarter of 2011, **AMD expects second-quarter revenue to be flat to slightly down sequentially [from \$1.61 billion].**");
- **Ex. 91** (July 21, 2011 AMD 2Q11 Earnings Call Tr.) (Depo. Ex. 353) at p. 5 (T. Seifert stating on July 21, 2011: Turning now to the second-quarter financial summary, **second-quarter revenue was \$1.57 billion, a 2% sequential decline.**");

- See also Ex. 56 (AMD-021-002270102) at p. 2 (July 21, 2011 Pacific Crest analyst report stating: “***Q2 revenue of \$1.57 billion declined 2% q/q and was in line with expectations.***”).

52. In early July 2011, AMD requested and received “volume/yield scenarios” from GF, including a “baseline” scenario projecting a 3Q11 supply of about 5.35 million Llano die.

- Ex. 92 (AMD-003-000168678) at 679 (July 1, 2011 AMD email from M. Rowlandson to AMD SVP of Global Operations J. Docherty stating: “GF presented a more optimistic view of the short term yield and we were not able to reach consensus. . . . There's some upside beyond Q3, but I think our urgent issue is Q3 supply. ***My team stands behind the forecast that we have provided with no changes. Obviously I hope we're wrong on this one.*** We'll provide updates as we learn.”);
- Ex. 84 (AMD-003-000168669-670) at 670 slide 2 (July 1, 2011 email from M. Massetti to AMD SVP of Global Operations J. Docherty attaching slide deck titled “Q3 Llano1 Fusion Supply Scenarios” stating: “Base case = current GF commit (60k wafers) and new ‘Most Likely’ sort yields from Foundry Ops team . . . ***Best case = previous GF commit (65k wafers) plus improved sort and die to ship yields necessary to hit 5Mu packouts.***”);
- Ex. 93 (AMD-003-000168774) at 774 and 775 (July 3 and 5, 2011 emails from KC Ang to AMD stating: “***We are doing the Volume/Yield scenarios, as requested by John [Docherty].*** . . . John Z[ucker] will send to you on Wed (6/Jul), and will propose a conf call on Thur (7/Jul).”);
- Ex. 85 (AMD-003-000049994-996-997-998) at 996, Excel TAB “Summary & Assumptions[,]” cell E11 (July 6, 2011 email from GF VP of Sales J. Zuckert to AMD SVP of Global Operations J. Docherty and others attaching spreadsheet file-named “32 nm 3q Wafer&Yield.xlsx” and slide deck titled “Q311 32 Output Summary.pptx” projecting a “***Baseline*** plan of 5,354,352 Llano units).

53. On July 11, 2011, GF recommended to AMD that AMD base its 3Q11 revenue guidance on a supply of 4.97 million Llano die during the quarter.

- Ex. 86 (AMD-003-000169033) at 035-036 (July 10, 2011 AMD email from AMD SVP of Global Operations J. Docherty stating: “***I need the best estimate of the commitment they are prepared to make*** before Monday morning Austin time. I have a review with Thomas [Seifert] and Rick [Bergman], and ***the GF commit will tell us whether we can or otherwise commit to our Q2 [sic] sales*** so it's critical we

- have a ‘realistic lean forward’ in place. Please review with Dirk/KC and let me know where this lands.”);
- *See also Ex. 85* (AMD-003-00049994-996-997-998) at 994 (July 10, 2011 AMD email to GF stating: “John [Docherty] will be reviewing the 3Q Llano assumptions with our CEO [Thomas Seifert]. ***This is so we could set the proper guidance for our upcoming Earnings call.*** Attach is the material that KC and Dirk reviewed with us. Please review this again. And let’s meet tomorrow.”);
 - *See also Ex. 86* (AMD-003-000169033) at 034-035 (July 11, 2011 AMD email to AMD SVP of Global Operations J. Docherty and M. Rowlandson stating: “Mike met with Patrick and the GF team. They recommending we use the ‘downside yield assumptions’ with the baseline Wafer Out plan [for ***3Q11 deliveries of “4,965,979” Llano units***]. I have marked them below in yellow. . . . If you wish to discuss this with Mike and I, we can jump on a call with you before your meeting with Rick [Bergman] and Thomas [Seifert].”);
 - *See also Ex. 88* (AMD-003-000169208) (July 14, 2011 AMD email to AMD SVP of Global Operations John Docherty stating: “***Today’s planning runs look like 4.2Mu is locked and 4.5Mu is about 70% confidence.*** If we get new parameters loaded for sort from GF by Jim’s team, we’ll get it up further.”).
54. **On July 15, 2011, GF met by telephone with AMD SVP of Global Operations John Docherty at his request to give him a “data-driven” view of Llano yields and “present the outlook” for 3Q11.**
- *Ex. 156* (AMD-003-000169142) at 142, 143-144 (July 11, 12, and 13 emails from AMD SVP of Global Operations J. Docherty to GF CEO A. Manocha and others stating: “Please supply the specifics on what the major actions and when we expect to see the impact/benefit. . . . What are the specific actions being taken to address the top 5 yield detractors? When will the results be validated? . . . ***AMD is basing its Q3 customer deliveries and revenue plans on the low/tiled/high yield inputs received from GF last week.*** These yield scenarios had to be based on some specific actions. . . . ***[W]hen can AMD expect to see a clear yield recovery plan?***”);
 - *Ex. 94* (AMD-010-001529436-437) (July 15, 2011 GF email to AMD SVP of Global Operations J. Docherty and others attaching GF slide deck titled “32nm Q3 Yield Projection” and stating: “here’s the slide deck for our meeting in 30min. ***We want to be data driven and use the facts to explain the status and present the outlook.*** That’s why the deck has grown to almost 60 pages.”).

55. On July 15, 2011, following his telephone meeting with GF that day, AMD SVP of Global Operations John Docherty told Thomas Seifert that “the call with GF was constructive[,]” that GF was “much better focused[,]” that he believed Llano yields would “improve” in 3Q11, and that 5 million Llano units “remain[ed] in sight” for 3Q11.
- Ex. 94 (AMD-010-001529436-437) (July 15, 2011 email from AMD SVP of Global Operations J. Docherty to T. Seifert attaching GF slide deck titled “32nm Q3 Yield Projection” and stating: “*The call with GF was constructive. They are much better focused. Bottom line is I believe yields will improve, and the 5m remains in sight.* This is not a shoe in, but I heard enough (and pushed hard enough) to stick with it.”).
56. On or about July 16, 2011 GF CEO Ajit Manocha reinforced to Thomas Seifert that GF would supply AMD with about 5.6 million Llano die in 3Q11.
- Ex. 94 (AMD-010-001529436-437) at 436 (July 15, 2011 email from AMD SVP of Global Operations J. Docherty to T. Seifert attaching GF slide deck titled “32nm Q3 Yield Projection” and stating: “Bottom line is I believe yields will improve, and the 5m remains in sight. . . . I hear the GF leadership team has been ‘summoned’ to California by Ajit.... It makes sense for you to *give him a brief call to stress the importance of both execution and the timing* of it.”);
 - Ex. 95 (GF_AMD_LIT 00022967) (July 18, 2011 GF email with “Observations from Ops Meeting 18Jul11” stating: “Ajit [Manocha] called in and talked to everybody Emphasized the importance of the 109K outs in Q3 -> mentioned Elke, KC, and Brian by names and their role in meeting this commitment. . . . No Decomit. . . . *Thomas Seifert called him last week and asked about Q3→Ajit reinforced the 66K outs and the 5.6M die delivery.*.”);
57. On July 17, 2011 GF executive KC Ang told AMD SVP of Global Operations John Docherty that GF would supply a quantity of Llano die in 3Q11 sufficient for AMD to meet its guidance for the quarter.
- Ex. 96 (AMD-003-000169427) at 428 (July 15-17, 2011 emails from AMD SVP of Global Operations J. Docherty to KC Ang stating: “*We should meet/beat Q3 at all costs!* . . . Let me be clear, I expect more output or better CTs.”);
 - Id. (July 18, 2011 email from KC Ang to AMD SVP of Global Operations J. Docherty stating: “*We will do 61k [wafer outs] and try going to 65k.*”).

58. On or about July 18, 2011, GF executive Ajit Manocha told the GF board and AMD SVP and General Counsel Harry Wolin that GF would supply AMD with at least 5 million Llano die in 3Q11.
- Ex. 97 (AMD-016-001930592) (July 15, 2011 email from T. Seifert to AMD SVP of Global Operations J. Docherty and H. Wolin stating: “Great. Will [call Ajit] and *Harry is going to be [in California] for the GF board meeting on Monday and Tuesday [July 18 and 19] too.*.”);
 - Ex. 98 (AMD-016-001735354) (July 20, 2011 AMD email stating: “FYI. *according to [AMD SVP and General Counsel] Harry [Wolin], [GF CEO] Ajit [Manocha] made a very strong commitment to get the 5m units in Q3*”);
 - Ex. 89 (AMD-021-002318352) at 353-354 (September 11, 2011 email from T. Seifert to I. Ajami stating: “On July 18th *during the GF board meeting management committed to you (and to us as a customer) about 49k wafers and a range of 4.6Mio to 5.1Mio Llano. GF even indicated a possible upside to 5.6Mio.* This commitment was right in front of our earnings call[.]”).
59. The approximately \$1727.0 million midpoint of AMD’s 3Q11 revenue guidance assumed deliveries of about 4.4 million units of Llano during the quarter.*
- Ex. 99 (AMD-020-002112970) (July 19, 2011 email from T. Seifert to R. Bergman, E. Ghilardi, and AMD SVP of Global Operations J. Docherty and copying H. Wolin stating: “I would like an aligned statement from the three of you. *Please sit down today or tomorrow and give me your aligned statement ahead of the earnings call.*.”);
 - Ex. 100 (AMD-020-002112979) (July 19, 2011 meeting maker stating: “*Call - Earnings Call Content Alignment*- Rick | John D | Harry W | Emilio”);
 - Ex. 89 (AMD-021- 002318352) at 354 (September 8, 2011 email from T. Seifert to I. Ajami confirming that AMD had “*based [its 3Q11] guidance on a very conservative delivery of 4.4Mio Llano.*.”);
 - Ex. 91 (July 21, 2011 2Q11 Earnings Call Tr.) (Depo. Ex. 353) at p. 5 (T. Siefert stating: “Turning now to the second-quarter financial summary, *second-quarter revenue was \$1.57 billion . . .*”);
 - Ex. 114 (AMD 2Q11 Form 8-K dated July 21, 2011) (Depo. Ex. 352) at Ex. 99.1 (AMD 2Q11 Earnings Press Release) p. 2 (reporting *\$1.57 billion in 2Q11 revenue*);
 - See also Ex. 101 (AMD-003-000438506-508) at 508, Excel cells B11:I11 and B28:I28 (July 19, 2011 AMD email attaching spreadsheet file-named “Q311

	<p>Estimates July 19, 2011 with Fusion Llano data.xlsx" showing: (i) 4.3 million Llano units associated with companywide revenues of \$1.713 billion; and (ii) 4.9 million Llano units associated with companywide revenues of \$1.800 billion.);</p> <ul style="list-style-type: none"> • <i>See also Ex. 6</i> (December 20, 2016 Expert Report of K. Lisiak) at ¶¶ 133-136, n.25, & Figure 12 ("Interpolating linearly between the 4.3 million Llano units associated with \$1713 million in revenue and the 4.9 million units of Llano associated with \$1800 million in revenue: (i) <i>the number of Llano units associated with the \$1727 million median of AMD's 3Q11 revenue guidance is 4.397 million</i>; and (ii) the number of Llano units associated with the \$1758.4 million top end of AMD's 3Q11 revenue guidance range is 4.613 million. Subtracting the difference between 4.613 million and 4.397 million from 4.397 million-unit median, the number of Llano units associated with the \$1695.6 million bottom end of AMD's 3Q11 revenue guidance range is 4.180 million. These figures are also consistent with Mr. Seifert's statement to Ibrahim Ajami on September 8, 2011 that AMD had "based [its 3Q11] guidance on a very conservative delivery of 4.4Mio Llano."); <p>60. The top and bottom ends of AMD's 3Q11 revenue-guidance range of about \$1695.6 million to \$1758.4 million assumed deliveries of about 4.18 million to 4.61 million units of Llano.*</p> <ul style="list-style-type: none"> • Sources cited <u>UF 59</u> <i>supra</i> this Alleged Statement No. 22. <p>* AMD's 3Q11 revenue guidance was that "AMD expected] revenue to increase 10 percent, plus or minus 2 percent" as compared to 2Q12. <i>See Exs 114</i> at Ex. 99.1 p. 4 and <u>91</u> at p. 5 (July 21, 2011 2Q11 Earnings Call Tr.) (Depo. Ex. 353). All dollar and related figures in this document pertaining to AMD's 3Q11 revenue guidance are based on AMD's 2Q12 revenue total expressed to the second decimal point, which is the \$1.57 billion figure reported at page 5 of AMD's 2Q11 Earnings Call Transcript and page 2 of its 2Q11 Earning Release. <i>See id.; Ex. 114.</i> Slightly different dollar and related figures can be calculated using the three-decimal-point total of \$1.574 billion reported in the consolidated statements operations attached to AMD's 2Q11 Earnings Release. The difference is less than 3/1000th of one percent.</p>	
<u>Alleged Statement No. 23</u> 7/21/2011 2Q 2011 Earnings Call Dep Ex 353 at 12 Speaker: Thomas Seifert Analyst Glen Yeung (Citigroup)	<p>This statement is not at issue in this case because it was not alleged to be false in any of the complaints filed in this action, including the operative one (Dkt. No. 61).</p> <p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the precautionary language quoted <i>supra</i> Alleged Statement No. 19.</p> <p><u>Undisputed Material Facts</u></p>	

<p>So Thomas, can you be more specific exactly what you think gross margins will do in the third quarter?</p> <p><u>Thomas Seifert</u></p> <p>Well, I think we will be up 1%.</p>	<p>61. AMD's companywide gross margin for 2Q11 was 45.7%, which rounds to the 46% figure that AMD announced on July 21, 2011.</p> <ul style="list-style-type: none"> • Ex. 91 (July 21, 2011 2Q11 Earnings Call Tr.) (Depo. Ex. 353) at p. 5 (T. Siefert stating: "<i>Non-GAAP gross margin was 46%</i>"); • Ex. 102 (AMD-003-000436327-328) at 328 slide 4 (July 18, 2011 AMD email attaching slide titled "Q2 to Q3 Bridges" noting AMD's "<i>actual Q211</i>" gross margin of "45.7%"); • Ex. 106 (AMD 2Q11 Form 10-Q dated August 10, 2011) at p.3 (showing 2Q11 net revenue of \$1,574 million and 2Q11 gross margin dollars of \$720 million, for a 2Q11 percentage gross margin of 45.7%). <p>62. On July 18, 2011, Thomas Seifert was shown an internal AMD forecast projecting a 3Q11 companywide gross margin of 46.6%, which rounds to 47%.</p> <ul style="list-style-type: none"> • Ex. 103 (AMD-016-001931757) at 833 (AMD slide deck titled "Q2-11 Financial Executive Package" showing a "<i>Q311 Forecast</i>" with a "<i>Gross Margin</i>" of 46.6%). <p>63. As of July 20, 2011, an internal AMD forecast projected a 3Q11 companywide gross margin of 46.0%.</p> <ul style="list-style-type: none"> • Ex. 104 (AMD-003-000438964-967) (July 20, 2011 AMD email to R. Bergman attaching slide deck file-named "llano sub-prime cost analysis.pptx" and stating: "<i>We are holding the forecast for Q3 at 46.0% . . .</i>"). <p>64. As of July 20 2011, AMD had developed a plan that provided several actions for getting its 3Q11 companywide gross margin to 46.6%, 46.7%, or higher.</p> <ul style="list-style-type: none"> • Ex. 104 (AMD-003-000438964-967) (July 20, 2011 AMD email to R. Bergman attaching slide deck file-named "llano sub-prime cost analysis.pptx" and stating: "<i>Doug prepared the attached analysis and we took Thomas along with Devinder through</i> it earlier today We are holding the forecast for Q3 at 46.0% but <i>the plan is to open up negotiations with GF so hopefully the costs will be less and also Sales will sell a richer mix and Bob F can secure the \$8M deal with MS to get us to 47% GM for Q3.</i>"); • <i>See also Ex. 105</i> (AMD-003-000084642-644) at 642 (July 25, 2011 AMD email to R. Bergman and others, attaching slide deck titled "Gross margin and R&D Update" and stating: "1. Sales needs to sell more Ontarios (very margin accretive) and enhance the mix . . . 2. Global Ops needs to negotiate with GF to reduce the 32nm costs since the costs have gone up significantly due to the yields 	
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	<p>on both prime and sub-prime being [REDACTED] 3. <i>Find other cost reductions</i> on improved NI yields and back-end costs[.]”);</p> <ul style="list-style-type: none"> • <i>See also Id.</i> at 644 slide 11 (July 25, 2011 AMD email to R. Bergman and others, attaching slide deck titled ““Gross margin and R&D Update” projecting 0.6 percentage points in potential gross margin from “[d]riv[ing] a [r]icher [s]ales [m]ix” and 0.7 percentage points in potential gross margin from “[n]egotiat[ing] with Global Foundries” [REDACTED] 	
<p>Alleged Statement No. 24 7/21/2011 2Q 2011 Earnings Call Dep Ex 353 at 3, 4 Speaker: Thomas Seifert Thomas Seifert</p> <p>In June we expanded our Fusion offerings with the launch of the A-Series APU for mainstream notebook and desktops code-named Llano. We shipped more than 1 million A-Series APUs in the second quarter. Based on strong demand signals and SKU assortment for the second half of the year, we expect the Llano ramp will outpace the Brazos ramp.</p> <p>Customer adoption of Brazos and Llano-based platforms is strong, and sell-through is excellent. We have more than 300 APU design wins, and 11 of the world’s top 12 notebook OEMs are shipping APU-based products.</p>	<p>The phrases “adoption is strong” and “sell-through is excellent” are non-actionable puffery.</p> <p>Undisputed Material Facts</p> <p>65. AMD shipped more than 1 million Llano APUs in 2Q11, with demand exceeding supply during the quarter.</p> <ul style="list-style-type: none"> • Ex. 91 (July 21, 2011 2Q11 Earnings Call Tr.) (Depo. Ex. 353) at p. 3 (T. Seifert stating <i>just prior</i> to the accused statement: “We shipped more than 1 million A-Series [Llano] APUs in the second quarter.”); • Ex. 64(AMD-016-001930374) at 375 (2Q11 Business Unit Review stating: “Llano demand exceeded supply with shipments of lMu Notebook and 70ku Desktop APU’s.”); • Ex. 106 (AMD 2Q11 Form 10-Q dated August 10, 2011) at p. 22 (“As a result of strong customer adoption of the Brazos and Llano-based platforms during the second quarter of 2011, we achieved record mobile processor unit shipments and record overall microprocessor unit shipments, and AMD Fusion APU unit shipments represented over 70% of total unit shipments of microprocessors for mobile devices. The demand for Llano-based platforms by our customers exceeded the supply in the second quarter of 2011.”) <p>66. AMD shipped 5.8 million Brazos APUs in 2Q11, an increase of 57% over 1Q11.</p> <ul style="list-style-type: none"> • Ex. 64 (AMD-016-001930374) at 375 (2Q11 Business Unit Review for 2Q11 stating: “Brazos shipped 5.8Mu across Desktop and Notebook representing 57% QoQ unit growth.”). <p>67. As of July 21, 2011, AMD expected the Llano ramp to exceed the Brazos ramp.</p> <ul style="list-style-type: none"> • Sources cited UF 44-48 <i>supra</i> Alleged Statement No. 19. <p>68. As of July 21, 2011, numerous AMD customers had incorporated, or planned to incorporate, AMD APU products (including Brazos, Llano, Trinity and Brazos</p>	

	<p>2.0 products) into their PC products, representing hundreds of different models that featured or would feature AMD APUs.</p> <ul style="list-style-type: none"> • <u>Ex. 12</u> (AMD-003-000109973) at pp. 6-7 (1Q11 Business Unit Review highlighting that in 1Q11: [REDACTED]) • <u>Ex. 64</u> (AMD-016-001930374) at p. 2 (2Q11 Business Unit Review highlighting that AMD “[e]xecuted successful Llano APU launch with 150+ Notebook and Desktop design wins”); • <u>Ex. 108</u> (AMD-020-002193962) at pp. 2, 7 (3Q11 Business Unit Review stating: [REDACTED]) • <u>Ex. 109</u> (AMD-016-001707071) at pp. 7-8 (4Q11 Business Unit Review, stating that AMD had “[a]chieved Trinity design win target of 69 notebook platforms”; “40 Brazos 2.0 design wins in all new IDs for targeted 2C 2012 launch”; “Nearly all of our OEM customers will introduce systems based on the Refresh A-Series APUs”). 	
<p>Alleged Corrective Disclosures No. 1: <u>Ex. 135</u> (September 28, 2011 AMD 3Q11 Earnings Pre-Announcement) (Depo. Ex. 363)</p>		
<p>Undisputed Material Facts Pertaining to Causation</p>	<p>Plaintiffs' Responses</p>	
<p>UF 50-60 and sources cited <i>infra</i> Alleged Statement No. 22 (regarding GF and AMD supply and demand forecasts for 3Q11 and AMD’s 3Q11 guidance process).</p> <p>Furthermore:</p>		

69. As early as August 10, 2011, market observers recognized that unexpectedly low yields had resulted in demand for Llano-based platforms exceeding supply in 2Q11.
- **Ex. 106** (AMD 2Q11 Form 10-Q dated August 10, 2011) at p. 22 (“As a result of strong customer adoption of the Brazos and Llano-based platforms during the second quarter of 2011, we achieved record mobile processor unit shipments and record overall microprocessor unit shipments, and AMD Fusion APU unit shipments represented over 70% of total unit shipments of microprocessors for mobile devices. *The demand for Llano-based platforms by our customers exceeded the supply in the second quarter of 2011.*”);
 - **Ex. 110** (AMD-021-002280518) at p. 6 (August 18, 2011 Wells Fargo analyst report stating: “AMD’s Llano processors experiencing a shortage. . . . *AMD’s Llano processors are experiencing a shortage stemming from 32nm yields being below expectations and that the company is unable to fill all of its orders* for the product as a result.”);
 - **Ex. 111** (AMD-021-002255621) at p. 1 (August 31, 2011 Evercore analyst report stating: “Llano yields remain poor: Our latest checks support our view that *poor 32nm yields at GloFo continue to cap Llano’s volume ramp. Specifically, Llano has not moved up the yield curve as planned and this has resulted in what appear to be shortages today*. We think much of current demand is being driven by new product introductions or ramps at OEMs. . . . hoping for more supply in Sept... While channel partners anticipate bigger deliveries in Sept, we think AMD’s 3Q target of 3mn units could be at risk.”);
 - **Ex. 112** (AMD-021-002281136) at p. 1 (September 16, 2011 Williams analyst report stating: “[Llano] demand is outstripping supply. This is partially because of strong demand, but also *because of 32nm yield issues at GlobalFoundries*, which are being worked on but AMD is not ‘completely happy’ with the current level.”);
 - **Ex. 113** (AMD-021-002280853) at p. 1 (September 22, 2011 Wells Fargo analyst report stating: “*We believe that there have been some shortages of Llano parts in the supply chain, possibly the result of ongoing yield struggles* with the GlobalFoundries 32nm process.”).
70. On August 16, 2011, GF told AMD that its best-case plan had been reduced to reflect deliveries of about 4.3 million Llano die in 3Q11.
- **Ex. 115** (AMD-003-000171865-866) at 866 slide 3 (August 16, 2011 GF email to AMD SVP of Global Operations J. Docherty and others at AMD, attaching slide deck titled “Llano Delivery Update” showing a “*best case plan*” for 3Q11 of 4,341,233 Llano units).
71. On September 8, 2011, GF executive told AMD executives via videoconference that GF best-case plan was for deliveries of about 4.2 million Llano die in 3Q11.
- **Ex. 116** (AMD-003-000199664) at p. 1 (September 8, 2011 GF email to T. Seifert, R. Bergman, and others stating: “**AMD / GLOBALFOUNDRIES Video Conference** . . . We will drive the WebEx for today’s meeting from FAB1...please use the attached WEBEX . . . phone numbers are unchanged and shall be used as provided in the Outlook invitation.”)
 - **Ex. 117** (AMD-016-001688626-627-628) at 626 and 627 slide 5 (September 8, 2011 AMD email to R. Bergman and others attaching “[t]oday’s [e]xec presentations” including slide showing “[d]ie [o]utput [p]lan” of 4.2 million units).
72. Prior to September 9, 2011, GF repeatedly sent AMD “Daily Supply Chain Report[s]” showing a 3Q11 Llano “shipment plan” with shipments of over 47,000 Llano wafers.

- See, e.g., Ex. 118 (AMD-005-000667556-557) at 557 slide 28 (September 4, 2011 GF email to AMD SVP of Global Operations J. Docherty and many others, attaching slide deck titled “Daily Supply Chain Report” showing **3Q11 Llano “shipment plan” with 47,595 Llano wafers**).
 - See, e.g., Ex. 119 (AMD-005-000671316-318) at 318 slide 31 (September 8, 2011 GF email to AMD SVP of Global Operations J. Docherty and many others, attaching slide deck titled “Daily Supply Chain Report” showing **3Q11 Llano “shipment plan” with 47,595 Llano wafers**).
73. **On September 9, 2011, GF sent AMD a “Daily Supply Chain Report” showing a 3Q11 Llano “shipment plan” with shipments of 43,152 Llano wafers, a one-day reduction of over 4,000 wafers or 9%.**
- Sources cited UF 72 *supra* this Alleged Corrective Disclosure No. 1.
 - Ex. 120 (AMD-005-000671261-262) at 262 slide 26 (September 9, 2011 GF email to AMD SVP of Global Operations J. Docherty and many others, attaching slide deck titled “Daily Supply Chain Report” showing **3Q11 Llano “shipment plan” based on 43,152 Llano wafers**);
 - See also Ex. 157 (GF_AMD_LIT00102351) (September 11, 2011 email from GF VP of Sales J. Zucker to GF recipients including A. Manocha, titled “WW37 Report” and stating: **“Dropped 32nm shipment commits in WW37, WW38 & WW39 by more than 1,100 wafers per week. Total Q3 commit now down to ~53k. . . . Strong AMD message around GLOBALFOUNDRIES meeting 41K Llano ships Q3 commitment by 9/22.”**);
 - Ex. 121 (GF VP of Sales J. Zucker Depo. Tr.) at 231:14-233:19 (“Q. . . . So -- so this, in essence, a decommit from that number of about 8,000 or so wafers? . . . A. Yes. *Q. Okay. And fair to say that this was not anticipated by GlobalFoundries at the time that GlobalFoundries made the third quarter commitment that we discussed earlier?* A. *Yes, it was not anticipated at all.* That -- you could see what I put where my corner cases. I wasn't anticipating this swing. Q. Okay. A. But, you know, I -- we put in what we knew. We wouldn't have inflated the numbers.”);
 - Ex. 122 (AMD-003-000199691) at 692-693 (September 11, 2011 email from AMD SVP of Global Operations J. Docherty to R. Read and A. Manocha stating: “I have to alert you to a serious issue. In the last few days we've seen a huge degradation from the supply numbers we received in the executive interlock on Thursday 8th. **The major reason is that, a significant volume of wafers included in the supply plan (BEOL) have been scrapped for misprocessing.** . . . We have another call in less than an hour to clarify and get more precision on Q3 and what has to be done for Q4. We will not give up.”);
 - See also Ex. 6 (December 20, 2016 Expert Report of K. Lisiak) ¶ 145. (“By definition within the industry, “misprocessing” refers to causes including operator error (e.g., improper tool calibration or simple wafer mishandling), equipment malfunctions (e.g., tools consistently allowed to function outside of specifications), and intervening events (e.g., earthquakes and fires). ‘Misprocessing’ of the magnitude observed here is both unusual, and in virtually every instance avoidable.”).
74. **After September 9, 2011, AMD came to understand that its 3Q11 revenue guidance was at risk.**
- Ex. 122 (AMD-003-000199691) at 692-693 (September 11, 2011 email from AMD SVP of Global Operations J. Docherty to R. Read and A. Manocha stating: “I have to alert you to a serious issue. **In the last few days we've seen a huge degradation from the supply numbers we received in the executive interlock on Thursday 8th.** The major reason is that, a significant volume of wafers included in

<p>the supply plan (BEOL) have been scrapped for misprocessing. . . . <i>We have another call in less than an hour to clarify and get more precision on Q3 and what has to be done for Q4. We will not give up.</i>.”);</p> <ul style="list-style-type: none"> • <i>Id.</i> at 691-692 (September 11, 2011 AMD email to T. Seifert stating: “See table below for rough Rev/GM impact. . . . [W]e have the improvement related to the rebate reversal of \$15m and the <i>impact of the reduced Llano supply to 3.5mu</i> along with some GPG demand shaping. <i>All this gets us to \$1644 [in 3Q11 revenues] & 45% [gross margin].</i>.”); • <u>Ex. 123</u> (AMD-003-000199767) at 768 (September 11, 2011 email from T. Seifert to A. Manocha stating: “[W]e just reviewed the latest news from Dresden. <i>It seems that we will only see 3.5M of llano this quarter. How we can lose this much output between last Thursday [September 8] and today is a mystery to me? The implications of this de-commitment are going to be very serious.</i> . . . Based on 3.5M we have to make some very tough calls and I do not want to have to sit down again in three days to talk about additional ‘new news’.”); • <u>Ex. 124</u> (AMD-022-002320932) (September 11, 2011 AMD email from R. Read stating: “I am working with team and Thomas [Seifert] on the firm financial status for CEO call but given execution issues (ex. the yields out of GF on Llano supply - quarter supply commit was 4.6+ we are looking at 3.5 to 3.9 and yields continue to be trending down) <i>at this point we have a material gap to analyst expectations.</i>.”). <p>75. AMD disclosed on September 13, 2011 there was “room for improvement” on Llano yields, and that GF’s “[p]erformance [wa]s not where it need[ed] to be.”</p> <ul style="list-style-type: none"> • <u>Ex. 316</u> (September 13, 2011 Deutsche Bank Securities Technology Conference Tr.) at p. 4 (“So we have been pretty open that <i>we see room for improvement on the GLOBALFOUNDRIES side. I think that is very much true. Performance is not where it needs to be</i>, and we are driving them very hard to get where we need them to be, in order to continue to grow this partnership.”). <p>76. Market observers recognized after Thomas Seifert’s September 13, 2011 comments that demand for Llano was exceeding supply, in part because of a yield-related supply shortfall.</p> <ul style="list-style-type: none"> • <u>Ex. 112</u> (AMD-021-002281136) at p. 1 (September 15, 2011 Williams analyst report from “Q & A . . . Management Discussion Series” observing that Llano “demand [wa]s outstripping supply . . . partially because of strong demand, but also <i>because of 32nm yield issues at GlobalFoundries</i>, which [we]re being worked on but <i>AMD [was] not ‘completely happy’ with the current level.</i>.”); <i>Id.</i> at p. 3 (“[Question:] Now that Brazos and Llano have been in the market for a few months, can you talk about trends you’re seeing, the adoption progress, market reception and any early thoughts on share gain? [Answer summary:] <i>Currently, demand is outstripping supply. This is partially because of strong demand, but also because of 32nm yield issues at GlobalFoundries, which are being worked on but AMD is not ‘completely happy’ with the current level.</i> . . . The September quarter is always very back end loaded with 50+% of revenue coming in the month of September. Therefore <i>demand is critical but so is GlobalFoundries ability to deliver on time.</i>.”). • <u>Ex. 126</u> (AMD-021-002270672) at p. 1 (September 19, 2011 Raymond James analyst report “reiterate[ing] . . . Outperform rating” while noting that “<i>yield problems with Llano</i>” would “likely limit upside to the three million unit Llano goal for 3Q11”); • <u>Ex. 302</u> (AMD-016-001932547) at p. 1 (September 19, 2011 Bank of America analyst report noting that “Llano . . . demand [was] outstripping supply” while “raising [its] AMD estimate” despite “<i>32nm yields remain[ing] well below expectations</i>”).

77. As of September 19, 2011, AMD was forecasting 3Q11 revenues of \$1,640 million, as compared to the range of about \$1695.6 million to \$1758.4 million that it announced on July 21, 2011.
- Sources cited UF 60 (“The top and bottom ends of AMD’s 3Q11 *revenue-guidance range of about \$1695.6 million to \$1758.4 million* assumed deliveries of about 4.18 million to 4.61 million units of Llano.”) *supra* Alleged Statement No. 22;
 - Ex. 128 (AMD-016-001932519-520) at 520 slide 4 (September 19, 2011 AMD email, attaching slide deck titled “Q311 Finance Update” stating: “Revenue and Gross Margin Update . . . *Revenue is \$1,640 [million]*”).
78. As of September 23, 2011, AMD was projecting a supply of 3.60 million Llano die in 3Q11.
- Ex. 129 (AMD-016-001786425) at 425-426 (September 23, 2011 AMD emails to T. Seifert and others stating: “These data will move a bit between now and Monday morning as we get final wafer deliveries, but they are clearly actionable today. *Total production is currently at 3.6Mu . . . FYI . . . 3.6Mu supply[.]J*”);
79. GF ultimately supplied 3.77 million Llano die in 3Q11, based on deliveries of 42,544 wafers and 33.8% fusion yield.
- Ex. 130 (AMD-003-000085993-995) at 995 slide 9 (September 30, 2011 AMD email attaching slide deck titled “Llano Q3/Q4 Daily Supply Overview” and showing *shipments to AMD of 41,586 Llano wafers from workweek 27 through workweek 39* of 2011, including shipments of 2,158 wafers in workweek 27);
 - Ex. 131 (GF_AMD_LIT00069634-636) at 634 (October 14, 2011 GF email attaching spreadsheet file-named “10-14-11 AMD Supply Tracking WW42 (2).xlsx” and *shipments of 3,116 Llano wafers in workweek 40* of 2011);
 - Ex. 11 (Expert Report of S. Thompson for Plaintiffs, dated November 18, 2016) at ¶ 117 n. 193 (noting that 3Q11 “*started with workweek 28 and ends at workweek 40*”);
 - Ex. 24 (AMD-003-000442417) at slide 2 (showing 3Q11 comprising the *13 workweeks numbered 28 through 40*);
 - Ex. 132 (AMD-005-000695477-480) at 480 slide 4 (October 6, 2011 AMD email attaching slide deck file-named “Llano Q3/Q4 Daily Supply Overview” showing that *Llano fusion yield was 33.8% for 3Q11 as whole*).

Alleged False or Misleading Statements: Ex. 135 (Depo. Ex. 363) (September 28, 2011 AMD Press Release Pre-Announcing 3Q11 Earnings)

Alleged False or Misleading Statement	Undisputed Material Facts	Plaintiffs' Responses
<u>Alleged Statement No. 25</u> <u>9/28/2011 PR: “AMD Announces Preliminary Third Quarter Results”</u> <u>Dep Ex 363 at 1</u> <u>Speaker: AMD</u> <u>AMD</u> The less-than-forecasted preliminary third quarter 2011 revenue results are primarily due to 32	<p>The phrases “continues to work closely” and “to satisfy strong demand” are non-actionable puffery.</p> <p><u>Undisputed Material Facts</u></p> <p><u>UF 1-4 and 6-11</u> and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] as of the start of 2Q11).</p> <p><u>UF 12-13</u> and sources cited <i>supra</i> Alleged Statement No. 6 (regarding technological process on the 32-nanometer node and associated yields at GF, and the status as of the</p>	

<p>nanometer (nm) yield, ramp and manufacturing issues at GLOBALFOUNDRIES in its Dresden, Germany factory that limited supply of “Llano”. Additionally, 45nm supply was less than expected due to complexities related to the use of common tools across both technology nodes.</p> <p>AMD continues to work closely with its key partner GLOBALFOUNDRIES to improve 32nm yield performance in order to satisfy strong demand for AMD products.</p>	<p>beginning of 2Q11).</p> <p>UF 21-23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD’s expectations for Llano availability as of the start of 2Q11).</p> <p>UF 24 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding the view of market observers that AMD’s shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).</p> <p>UF 27-30 and sources cited <i>supra</i> Alleged Statement No. 12 (regarding AMD’s understanding of channel demand as of 2Q11, including channel demand for its APUs and related products).</p> <p>UF 34-36 and sources cited <i>supra</i> Alleged Statement No. 15 (regarding Llano yield actions and sales expectations as of May 2011).</p> <p>UF 43-47 and sources cited <i>supra</i> Alleged Statement No. 19 (regarding AMD’s expectation and the market’s understanding that the Llano ramp would outpace the Brazos ramp).</p> <p>UF 50-60 and sources cited <i>infra</i> Alleged Statement No. 22 (regarding GF and AMD supply and demand forecasts for 3Q11 and AMD’s 3Q11 guidance process).</p> <p>Furthermore:</p> <p>80. AMD and GF continued to work together in 3Q11 to ramp Llano yields.</p> <ul style="list-style-type: none"> • Ex. 94 (AMD-010-001529436-437) (July 15, 2011 GF email to AMD SVP of Global Operations J. Docherty and others attaching GF slide deck titled “32nm Q3 Yield Projection” and stating: “here’s the slide deck for our meeting in 30min. <i>We want to be data driven and use the facts to explain the status and present the outlook.</i> That’s why the deck has grown to almost 60 pages.”); • Ex. 158 (AMD-016-001735198-200) (July 29, 2011 GF emails to AMD SVP of Global Operations J. Docherty and others attaching 73-page GF slide deck titled “32nm Q3 Yield Projection – review 2 weeks after first presentation” and stating: “<i>Here’s the invite for the follow-up on the discussion we had 2 weeks ago. I will send the presentation in a separate email</i> ca 30min prior to the meeting.”); • Ex. 159 (AMD-016-001683501-503) (August 4, 2011 GF email to T. Seifert and others, attaching 7-page “<i>Exec Update</i> slide deck for workweek 32); • Ex. 160 (AMD-013-001619721) (August 16, 2011 email from <i>HP’s SVP of Supply Chain Operations (Personal Systems Group) Tony Prophet</i> to A. Manocha, E. Ghilardi, and others, subsequently forwarded to T. Seifert, AMD SVP 	
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- of Global Operations J. Docherty, R. Bergman, and others, stating: “***Thanks AMD and GF teams for your transparency today. We are looking toward anxiously to the Llano recovery*** and are depending on you greatly in our FQ4 and Holiday plans. We’ll work to get you a high fidelity demand signal ASAP.”);
- **Ex. 161** (AMD-003-000083483) at 483-484 (August 30, 2011 email from GF VP of Sales J. Zucker to AMD SVP of Global Operations J. Docherty and others at AMD stating: “Below is a quick summary of the view and ***necessary actions to hit 47.6k*** and attached is the detailed view by work week. Please let me know if you have any questions.”); **id.** at 483 (August 30, 2011 email from M. Massetti replying to GF VP of Sales J. Zucker: “***John, great start, thanks. Regarding the actions, we will need to know what the specific measure is to tell if we are on track for each item***, what it’s contribution to the improvement will be, and what the specific dates that we will see the improvements.”);
 - **Ex. 116** (AMD-003-000199664) (September 8, 2011 GF email to T. Seifert, R. Bergman, and others stating: “AMD / GLOBALFOUNDRIES Video Conference . . . We will drive the ***WebEx for today's meeting from FAB1***...please use the attached WEBEX ... phone numbers are unchanged”);
 - **Ex. 117** (AMD-016-001688626-627-628) (September 8, 2011 AMD email to R. Bergman and others attaching “[t]oday's [e]xec presentations”);
 - **Ex. 122** (AMD-003-000199691) at 692-693 (September 10-11, 2011 emails to and from AMD SVP of Global Operations J. Docherty, R. Read, A. Manocha, and others stating: “***The entire AMD team is in full daily war room mode*** to support the quarter dose and 4q ramps . . . I am sure your team is providing John D and Michael M ***daily reads to commits on wafers starts/yields*** but ***please emphasize the importance of daily execution*** and daily communications with the team. I am also working this daily at this point . . . ***I was personally on the phone several times with Dresden and teams are indeed working round the clock*** to maximize output for AMD . . . ***We are doing everything possible*** including, calculated risks on unqualified tools (inc capacity and help CT), and a review of all scrap material to see if any small amounts can be salvaged . . . ***We will not give up***”);
 - **Ex. 162** (AMD-003-000508207-208) at 208 (September 25, 2011 GF email to T. Seifert, the GF Board of Directors, and others, attaching WW12 “Llano Update” stating: “***Llano Yield showing a nice uptrend this week: 16.8%*** . . . A closer look at lot-level data is showing a more bi-modal distribution . . . ***Product Engineering categorized every low-flyer and the picture is clear***”); **id.** at 207 (September 25-26 internal AMD emails stating: “***Progress Let's hope it continues Especially dual-core die yields looking better.***”).

Alleged False or Misleading Statements: <u>Ex. 143</u> (October 27, 2011 AMD 3Q11 Earnings Conference Call Transcript) (Depo. Ex. 498)		
Alleged False or Misleading Statement	Undisputed Material Facts	Plaintiffs' Responses
<p>Alleged Statement No. 26 10/27/2011 3Q 2011 Earnings Call Dep Ex 498 at 4 Speaker: Rory Read Rory Read We also publicly demonstrated our next-generation 28 nm GPU product during the third quarter. And we look forward to building on our performance leadership position in the graphics area throughout 2012 and the years ahead. Now let me take a moment to focus on execution. From an execution standpoint, you know and we know we faced significant manufacturing challenges in the quarter. Having said that, demand was strong and interest in [AMD Fusion] products is significant. We will continue an aggressive effort with our foundry partner to improve manufacturing performance at this important 32 nm technology. And we are already seeing steady improvement day after day, week after week, but we are not out of the woods yet.</p>	<p>The phrases “demand was strong” and “interest . . . is significant” are non-actionable puffery.</p> <p>Undisputed Material Facts</p> <p>UF 43-47 and sources cited <i>supra</i> Alleged Statement No. 19 (regarding AMD’s expectation and the market’s understanding that the Llano ramp would outpace the Brazos ramp).</p> <p>UF 50-60 and sources cited <i>supra</i> Alleged Statement No. 22 (regarding GF and AMD supply and demand forecasts for 3Q11 and AMD’s 3Q11 guidance process).</p> <p>UF 59-69 and sources cited <i>supra</i> Alleged Corrective Disclosure No. 1 (regarding GF’s commitments AMD’s Llano supply and revenue expectations through 3Q11).</p> <p>UF 80 and sources cited <i>supra</i> Alleged Statement No. 25 (regarding the efforts of GF and to continue ramping Llano in 3Q11).</p> <p>Furthermore:</p> <p>81. AMD earned about \$1.69 billion in revenue in 3Q11, which was more than about \$20 million above its September 28, 2011 pre-announcement estimate and less than about \$6 million below its July 21, 2011 guidance estimate.</p> <ul style="list-style-type: none"> • Ex. 133 (AMD-003-000425793) (October 7, 2011 AMD email headed “Q311 EOQ Flash Report” and stating: “Revenue was \$1.69B, up 7% QtQ and 4% YtY.”); • Ex. 143 (October 27, 2011 AMD 3Q11 Earnings Conference Call Transcript) (Depo. Ex. 498) at p. 2 (R. Read stating <i>just prior</i> to the accused statement: “AMD’s third-quarter revenue was \$1.69 billion, up 7% from the prior quarter and up 4% year over year.”); • Ex. 135 (September 28, 2011 3Q11 Earnings Pre-Announcement) (Depo. Ex. 363) at p. 2 (September 28, 2011 AMD press release titled “AMD Announces Preliminary Third Quarter Results” and stating: “AMD today announced that revenue for the third quarter ending Oct. 1, 2011 is expected to increase four to six percent as compared to the second quarter of 2011. The company previously forecasted third quarter 2011 revenue to increase 10 percent, plus or minus two percent, from the second quarter of 2011.”); 	

- Ex. 136 (November 8, 2016 Expert Report of C. Coffman for Plaintiffs) at Appendix C ¶ 1 (“AMD’s *September 28, 2011 announcement . . . implied a revenue estimate of \$1,637M to \$1,668M (with a midpoint of \$1,653M)* for Q3 2011.”);
 - Sources cited UF 60 (“The top and bottom ends of AMD’s 3Q11 *revenue-guidance range of about \$1695.6 million to \$1758.4 million* assumed deliveries of about 4.18 million to 4.61 million units of Llano.”) *supra* Alleged Statement No. 22.
82. **AMD shipped 7.9 million Brazos APUs in 3Q11, an increase of 36% over 2Q11.**
- Ex. 108 (AMD-020-002193962) at 963 (3Q11 Business Unit Review stating: “*Brazos shipped 7.9Mu across Desktop and Notebook representing 36% QoQ unit growth[.]*”).
83. **AMD shipped 3.2 million Llano APUs in 3Q11, an increase of 191% over 2Q11.**
- Ex. 83 (AMD-003-000436255-258) (July 15, 2011 AMD email to T. Seifert and others attaching “the supply chain report for WW28 and stating: “*Delivered 1.1Mu of Llano in Q2’11.*”);
 - Ex. 108 (AMD-020-002193962) at 963 (3Q11 Business Unit Review stating: “*Llano demand exceeded supply with shipments of 2.4Mu Notebook and 0.8Mu Desktop APU’s.*”).
84. **AMD’s revenue from Brazos APUs was \$220 million in 3Q11, an increase of 34.1% over 2Q11.**
- Ex. 108 (AMD-020-002193962) at 967 (3Q11 Business Unit Review stating: “Desktop APUs Brazos . . . Q311 Rev (\$M) \$18 . . . Q211 Rev (\$M) \$24 . . . Notebook APUs Brazos . . . Q311 Rev (\$M) \$202 . . . Q211 Rev (\$M) \$140”).
85. **AMD’s revenue from Llano APUs was \$203 million in 3Q11, an increase of 167.1% over 2Q11.**
- Ex. 108 (AMD-020-002193962) at 967 (3Q11 Business Unit Review stating: “*Desktop APUs . . . Llano – Lynx . . . Q311 Rev (\$M) \$51 . . . Q211 Rev (\$M) \$8 . . . Notebook APUs . . . Llano - Sabine . . . Q311 Rev (\$M) \$152 . . . Q211 Rev (\$M) \$68*”).
86. **AMD’s revenue from sales of Llano APUs to channel customers was \$37 million in 3Q11, an increase of 429% over 2Q11.**

- Ex. 379 (Whitworth Decl.) at ¶ 14 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that Llano sales to channel customers totaled \$37 million in 3Q11, an increase of \$30 million or 429% over 2Q11);
 - *See also Ex. 61* (December 20, 2016 Expert Report of R. Kapoor) at ¶ 108 & Figure 17 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, showing sales of Llano APU to channel customers of \$37.445 million in 3Q11 and \$6.982 million in 4Q11).
87. **Prior to AMD's 3Q11 earnings call, AMD's SVP and Chief Sales Officer Emilio Ghilardi reported to Rory Read that "APU momentum continue[d]" with "record notebook CPU/APU shipments" and "strong adoption of APUs[.]"**
- Ex. 138 (AMD-003-000114524-525) at 252 slides 2-5 (October 17, 2011 AMD email attaching slide deck titled "Sales Perspective For Q3'11 Earning Call" and intended for Emilio [Ghilardi]'s discussion th[at] afternoon with Rory [Read]" stating: ***APU Momentum Continues*** – First full quarter of Llano and third full quarter of Brazos drove . . . ***record notebook CPU/APU shipments[,] strong adoption of APUs[,*** and notebook share gain [as well as] share gain in retail [notebooks] across all HGM regions[.]").
88. **On October 26, 2011, AMD sales personnel reported to Thomas Seifert and Rory Read that while "supply constraints led to decreased [desktop] share" in 3Q11, notebook sales were up 42% over the prior year" and at a "record" level.**
- Ex. 139 (AMD-003-000365430-431) at 431 slides 7-13 (October 26, 2011 AMD email to T. Seifert, R. Read, and others attaching "updated sales deck" titled "Sales Perspective For Q3'11 Earning Call" stating: ***Record Units of Notebook CPU/APUs (Up 34% QoQ, 42% YoY to 10.4Mu). . . Desktop supply constraints led to decreased share.*** Dachshund shipped 3.8Mu vs. 5.2Mu plan; Llano shipped 0.8Mu vs. 1.9Mu plan . . .").
89. **On October 26, 2011, AMD sales personnel reported to Thomas Seifert and Rory Read that Brazos "continue[d] to propel [AMD's] success" in emerging markets.**
- Ex. 139 (AMD-003-000365430-431) at 431.007-013 (October 26, 2011 AMD email to T. Seifert, R. Read, and others attaching "updated sales deck" titled "Sales Perspective For Q3'11 Earning Call" stating: Strong Adoption of AMD APUs (93% of all NB CPU shipments) . . . Strong growth in emerging markets fueled by continued success of Brazos . . . ***Brazos (at ~80% of our NB unit shipments) continues to propel our success in High Growth Markets . . .***).

	<p>90. On October 26, 2011, AMD sales personnel reported to Thomas Seifert and Rory Read that “[e]xceptionally strong Llano demand and improved output bode[d] well for Q4[.]”</p> <ul style="list-style-type: none"> • Ex. 139 (AMD-003-000365430-431) at 431.007-013 (October 26, 2011 AMD email to T. Seifert, R. Read, and others attaching “updated sales deck” titled “Sales Perspective For Q3’11 Earning Call” stating: Strong Adoption of AMD APUs (93% of all NB CPU shipments) . . . Strong growth in emerging markets fueled by continued success of Brazos . . . Exceptionally strong Llano demand and improved output bodes well for Q4 . . . ”). <p>91. AMD shipped its 20 millionth Brazos unit in October 2011.</p> <ul style="list-style-type: none"> • Ex. 140 (AMD-020-002185410) at 412 (November 2011 AMD slide deck titled “CEO Report to Board of Directors” stating: “We see continued strength in our Client business driven by APUs. . . . Current supply supports the revenue plan, but based on supply gaps we have a very low channel inventory and continue to impact Desktop results as we shift wafers to 32nm to avoid customer de-commits. We shipped our 20 millionth Brazos part in October.”). 	
<p><u>Alleged Statement No. 27</u> 10/27/2011 3Q 2011 Earnings Call Dep Ex 498 at 4 Speaker: Rory Read Rory Read It is particularly well targeted to lower-power form factors and high-volume price bands. And our new Opteron server technology is well tuned to increasingly important workloads like virtualization and cloud-based servers. We are seeing a nice uptick in our server business, which is in fact long overdue. Customer demand is strong and momentum is clearly there. And while we face challenges in supply and execution, we are making steady improvements with a maniacal focus on execution across the entire Company.</p>	<p>The phrases “demand was strong” and “momentum is clearly there” are non-actionable puffery.</p> <p>Undisputed Material Facts</p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] of the start of 2Q11).</p> <p>UF 12-13 and sources cited <i>supra</i> Alleged Statement No. 6 (regarding technological process on the 32-nanometer node and associated yields at GF, and the status as of the beginning of 2Q11).</p> <p>UF 21-23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD’s expectations for Llano availability as of the start of 2Q11).</p> <p>UF 24 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding the view of market observers that AMD’s shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).</p> <p>UF 27-30 and sources cited <i>supra</i> Alleged Statement No. 12 (regarding AMD’s understanding of channel demand as of 2Q11, including channel demand for its APUs and related products).</p>	

	<p>UF 34-36 and sources cited <i>supra</i> Alleged Statement No. 15 (regarding Llano yield actions and sales expectations as of May 2011).</p> <p>UF 43-47 and sources cited <i>supra</i> Alleged Statement No. 19 (regarding AMD's expectation and the market's understanding that the Llano ramp would outpace the Brazos ramp).</p> <p>UF 50-60 and sources cited <i>supra</i> Alleged Statement No. 22 (regarding GF and AMD supply and demand forecasts for 3Q11 and AMD's 3Q11 guidance process).</p> <p>UF 80 and sources cited <i>supra</i> Alleged Statement No. 25 (regarding the efforts of GF and to continue ramping Llano in 3Q11).</p> <p>UF 81-91 and sources cited <i>supra</i> Alleged Statement No. 26 (regarding the market performance of AMD's APUs in 3Q11 and the beginning of 4Q11).</p> <p>Furthermore:</p> <p>92. As of October 27, 2011, AMD was forecasting that it would ship 6 million units of Llano in 4Q11 and reach an internal revenue target of \$1,750 million.</p> <ul style="list-style-type: none"> • Ex. 141 (AMD-003-000443847) at 847-848 (October 11, 2011 AMD finance-staff email stating: “[T]here is a new target for Q4 of \$1,750M. . . . New target is \$1750 (vs. \$1720) based on where we ended Q3.”); • Ex. 142 (AMD-003-000333209) (October 26, 2011 email from AMD SVP of Global Operations J. Docherty stating: “6m Llano = \$1.75bn revenue”); • <i>See also Ex. 245</i> (R. Read Resp. to Interrog.) at pp. 4-6 (R. Read stating that his statement “was referring to a broad array of AMD product offerings and his belief that, on balance and in the aggregate, there was momentum and strong customer demand for various of these products.”). 	
<p>Alleged Statement No. 28</p> <p>10/27/2011 3Q 2011 Earnings Call</p> <p>Dep Ex 498 at 6</p> <p>Speaker: Rory Read</p> <p>Analyst Glen Yeung (Citigroup)</p> <p>My first question is about gross margins.</p> <p>Thomas, in your comments, you indicated ASPs were up, it sounds like, quite noticeably in the quarter, and obviously gross margin is impacted</p>	<p>Undisputed Material Facts</p> <p>UF 14-20 and sources cited <i>supra</i> Alleged Statement No. 7 (regarding dollar- and percentage-based measures of gross-margin accretion and AMD gross margins and projections as of the beginning of 2Q11).</p> <p>UF 31-32 and sources cited <i>supra</i> Alleged Statement No. 13 (regarding the margin-accreteness of AMD's APUs on a product-replacement basis).</p> <p>UF 33-34 and sources cited <i>supra</i> Alleged Statement No. 14 (regarding the contribution of Brazos to the margin-accreteness of AMD's APUs as of 2Q11).</p>	

by yields. But how should we think about the recovery of gross margin as yields improve, particularly given the ASP trends you have, and then, specifically, how should we think about gross margins for Q4?

Thomas Seifert

As we said there in the script, in the third quarter we had to fight a couple of headwinds, mainly on 32 nm supply impacting really the product mix we had in terms of high ASP and highly margin-accretive 32 nm product. And we also had to make some trade-off decisions on 45 nm capacity that hit us from a cost of goods sold perspective. And then, we had to deal with a higher relative share of graphic product in the overall revenue picture.

UF 38-39 and sources cited *supra* Alleged Statement No. 16 (regarding the margin-accretiveness of AMD's APUs on a product-replacement basis).

UF 49 and sources cited *supra* Alleged Statement No. 21 (regarding the margin-accretiveness of AMD's APUs on a product-replacement basis).

Furthermore:

93. **AMD's 3Q11 gross margins were lower than it projected on July 21, 2011 because a higher-than-expected percentage of its 3Q11 revenue came from its lower-margin GPU business.**

- **Ex. 143** (October 27, 2011 3Q11 Earnings Call Tr.) (Depo. Ex. 498) at p. 5 (“Gross margin was 45%, down one percentage point quarter over quarter due to lower-than-expected supply of 45 nm products, *lower-than-expected supply of higher-ASP and higher-margin 32 nm products, and therefore a higher percentage of revenue in our lower-margin GPU business.*”).

Alleged False or Misleading Statements: Ex. 353 (AMD 3Q11 Form 10-Q Dated November 9, 2011)

Alleged False or Misleading Statement	Undisputed Material Facts	Plaintiffs' Responses
<p>Alleged Statement No. 29 11/9/2011 2011 3Q Form 10-Q Form 10-Q at AMD-020-002129979 Speaker: Thomas Seifert and Rory Read <u>Thomas Seifert and Rory Read</u></p> <p>In this section, we will describe the general financial condition and the results of operations for Advanced Micro Devices, Inc. and its wholly-owned subsidiaries, including a discussion of our results of operations for the quarter and nine months ended October 1, 2011 compared to the quarter ended July 2, 2011 and the quarter and nine months ended September 25, 2010, an analysis of changes in our financial condition and a discussion of our contractual</p>	<p><i>The phrase “experience strong customer demand” is non-actionable puffery.</i></p> <p><u>Undisputed Material Facts</u></p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] of the start of 2Q11).</p> <p>UF 12-13 and sources cited <i>supra</i> Alleged Statement No. 6 (regarding technological process on the 32-nanometer node and associated yields at GF, and the status as of the beginning of 2Q11).</p> <p>UF 21-23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD's expectations for Llano availability as of the start of 2Q11).</p> <p>UF 24 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding the view of market observers that AMD's shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).</p> <p>UF 27-30 and sources cited <i>supra</i> Alleged Statement No. 12 (regarding AMD's</p>	<p>:</p>

<p>obligations and off-balance sheet arrangements. We continued to experience strong customer demand for our AMD Fusion family of accelerated processing unit (APU) products during the third quarter of 2011. As a result, over 90% of the processors for mobile devices that we shipped in the third quarter of 2011 consisted of APU products. We made progress towards improving our competitive position in our server business by commencing revenue shipments of our AMD Opteron™ 6200 Series server processors, codenamed Interlagos, at the end of the third quarter of 2011.</p>	<p>understanding of channel demand as of 2Q11, including channel demand for its APUs and related products).</p> <p>UF 34-36 and sources cited <i>supra</i> Alleged Statement No. 15 (regarding Llano yield actions and sales expectations as of May 2011).</p> <p>UF 43-47 and sources cited <i>supra</i> Alleged Statement No. 19 (regarding AMD's expectation and the market's understanding that the Llano ramp would outpace the Brazos ramp).</p> <p>UF 50-60 and sources cited <i>supra</i> Alleged Statement No. 22 (regarding GF and AMD supply and demand forecasts for 3Q11 and AMD's 3Q11 guidance process).</p> <p>UF 80 and sources cited <i>supra</i> Alleged Statement No. 25 (regarding the efforts of GF and to continue ramping Llano in 3Q11).</p> <p>UF 81-91 and sources cited <i>supra</i> Alleged Statement No. 26 (regarding the market performance of AMD's APUs in 3Q11 and the beginning of 4Q11).</p> <p>UF 92 and sources cited <i>supra</i> Alleged Statement No. 27 (regarding AMD's expectations for 4Q11 Llano sales as of the end of October 2011).</p> <p><i>See also Ex. 241</i> (T. Seifert Resp. to Interrog.) at pp. 17-18 (T. Seifert stating that "[s]ales figures and other internal AMD documents confirm that demand for AMD's Fusion family of APUs (Brazos and Llano) was robust during the third quarter of 2011.");</p> <p><i>See also Ex. 245</i> (R. Read Resp. to Interrog.) at pp. 7-8 (similar).</p>	
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Alleged False or Misleading Statements: Ex. 352 (December 7, 2011 Barclays Conference Tr.) (Depo. Ex. 369)

Alleged False or Misleading Statement	Undisputed Material Facts	Plaintiffs' Responses
<p>Alleged Statement No. 30 12/7/2011 Barclays Conference Dep Ex 369 at 2 Speaker: Thomas Seifert Analyst C.J. Muse (Barclays Capital) That's helpful. I was hoping, I guess, next, to really focus on your 2012 outlook. You spun off manufacturing, there's been some turnover in management -- you have a new CEO. So we'd love to hear what your key focus is into 2012.</p>	<p>The phrases "huge success" and "we did good" are non-actionable puffery.</p> <p>Undisputed Material Facts</p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] of the start of 2Q11).</p> <p>UF 12-13 and sources cited <i>supra</i> Alleged Statement No. 6 (regarding technological process on the 32-nanometer node and associated yields at GF, and the status as of the beginning of 2Q11).</p>	

<p>And here, really, thinking on product segment line, not on the manufacturing side, which I guess we can get into later. But in terms of product lines, what the key focus for AMD is.</p> <p><u>Thomas Seifert</u></p> <p>But let me make half a step back, and then look forward, and see where the [protect] areas are, where we see the opportunity, and where we will shift focuses moving forward. Despite the -- some of the supply limitations, we have seen manufacturing limitations, we have seen -- I'm sure you will ask for that later.</p> <p>I think overall, this year was a very important and also successful year for us, because we have been able to show that, first of all, we launched the APU architecture. And it was a huge success. The low power products we launched in the beginning of the year, we have sold about 20 million units in less than three quarters. And even with the supply limitations we had on the Llano side, we did good.</p>	<p>UF 21-22 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD's expectations for Llano availability as of the start of 2Q11).</p> <p>UF 23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding Llano launching as planned in June 2011).</p> <p>UF 24 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding the view of market observers that AMD's shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).</p> <p>UF 27-30 and sources cited <i>supra</i> Alleged Statement No. 12 (regarding AMD's understanding of channel demand as of 2Q11, including channel demand for its APUs and related products).</p> <p>UF 34-36 and sources cited <i>supra</i> Alleged Statement No. 15 (regarding Llano yield actions and sales expectations as of May 2011).</p> <p>UF 43-47 and sources cited <i>supra</i> Alleged Statement No. 19 (regarding AMD's expectation and the market's understanding that the Llano ramp would outpace the Brazos ramp).</p> <p>UF 50-60 and sources cited <i>supra</i> Alleged Statement No. 22 (regarding GF and AMD supply and demand forecasts for 3Q11 and AMD's 3Q11 guidance process).</p> <p>UF 80 and sources cited <i>supra</i> Alleged Statement No. 25 (regarding the efforts of GF and to continue ramping Llano in 3Q11).</p> <p>UF 81-91 and sources cited <i>supra</i> Alleged Statement No. 26 (regarding the market performance of AMD's APUs in 3Q11 and the beginning of 4Q11).</p> <p>UF 92 and sources cited <i>supra</i> Alleged Statement No. 27 (regarding AMD's expectations for 4Q11 Llano sales as of the end of October 2011).</p> <p><i>See also Ex. 241</i> (T. Seifert Resp. to Interrog.) at pp. 17-18 (T. Seifert stating that "[s]ales figures and other internal AMD documents confirm that demand for AMD's Fusion family of APUs (Brazos and Llano) was robust during the third quarter of 2011.");</p> <p><i>See also Ex. 245</i> (R. Read Resp. to Interrog.) at pp. 7-8 (similar).</p>	
<p>Alleged Statement No. 31</p> <p>12/7/2011 Barclays Conference</p> <p>Dep Ex 369 at 5, 6</p> <p>Speaker: Thomas Seifert</p>	<p>Undisputed Material Facts</p> <p>94. As of October 27, 2011 Llano yields had to recovered to forecast.</p>	

<p><u>Analyst C.J. Muse (Barclays Capital)</u> Figured I had to ask. But I guess, moving to manufacturing, technology roadmap, can you update us on what you're seeing at GlobalFoundries, both 32 and 45 nanometer in terms of yields, and the improvements there?</p> <p><u>Thomas Seifert</u> So, we've been working hard with our partner, with the GlobalFoundries, and I think if -- you know, if a crisis has a good thing, then I think it pulls the partners closer together. And I think this is not only a statement for us and our cooperation with GlobalFoundries, it also brought the other partners closer together, especially with IBM. So we put a significant effort in place at GlobalFoundries, (inaudible) with GlobalFoundries, with us but also with IBM. And this [throwing] off, we make steady good improvements. I think we already said it in one of the other rounds, and we were able to meet customer demand, both in October and November. And that makes us confident that we are on the right track. So we see improvement.</p>	<ul style="list-style-type: none"> • Ex. 144 (AMD-016-001809585-588) at 588 slide 3 (October 13, 2011 GF email to T. Seifert and others, attaching WW42 "Exec Update" showing <i>alignment between "actuals" and "ww37 forecast"</i>); • Ex. 145 (AMD-016-001736911-913) at 913 slide 3 (October 20, 2011 GF email to T. Seifert and others, attaching WW43 "Exec Update" stating: "Llano Yield uptrend continues ..WW42 18%"); • Ex. 146 (AMD-016-001737543-545) at 545 slides 1-3 (October 27, 2011 GF email to T. Seifert and others, attaching WW44 "Exec Update" stating: "Llano Yield trend matches forecast again . . . ww43: 18% . . . ww44: 19.9% . . . Fusion yield 41 . . . New lot yield record: 36%, so far 8 lots yielding >30% . . . high llano 2 yielding lot average 44% (193dpw)"); <p>95. As of November 13, 2011 Llano yields were tracking to AMD's 4Q11 plan.</p> <ul style="list-style-type: none"> • Ex. 147 (AMD-003-000333640-641) at 641 slides 3-4 (November 16, 2011 AMD email attaching November 16, 2011 slide deck titled "Global Operations AET OPS Review Plan" stating: "LN1 yield on plan Q4 to date. Wafer output meeting minimum requirements . . . LN1 sort yields tracking to plan Q4 to date") <p>96. AMD had supply sufficient to meet customer demand in October 2011.</p> <ul style="list-style-type: none"> • Ex. 147 (AMD-003-000333640-641) at 641 slide 4 (November 16, 2011 AMD email attaching November 16, 2011 slide deck titled "Global Operations AET OPS Review Plan" stating: "[O]verall customer commitment met in October."); • Ex. 163 (AMD-016-001798071-072) at 072 slide 7 (December 6, 2011 EMD email to AMD SVP of Global Operations J. Docherty and others stating: "Increased wafers will provided additional supply – should reach up to 5.35Mu total supply, all upside from Llano1. . . . Demand fully covered at aggregate level. . . . Shaping A8 → A6 and NB → DT covers full allocation plan"). <p>97. On December 7, 2011 GF confirmed that it would meet its 4Q11 commitment by delivering 6 million Llano die.</p> <ul style="list-style-type: none"> • Ex. 150 (GF_AMD_LIT 00120394) (December 7, 2011 email from A. Manocha to R. Read stating: "Last week continued on a positive trend for both 32nm (27% sort yield on 2000 wafers this week, including a high lot of 41%), and 45nm deliveries as we exceeded our weekly plans on both products. We also closed the small 32nm supply gap to under 500 wafers quarter-to-date and expect to be completely recovered this week. This performance, combined with strong Llanol SORT yield gains and recovering line yields, puts us in an excellent position to meet AMD Q4 die requirements. In the September meetings with AMD in
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	<p><i>Dresden, GlobalFoundries committed to delivering a total of 6M total Fusion units (LN1 and 2) by WW52 for AMD 4Q revenue. With the uptick in LN yield, we will now be able to achieve the 6M units within that window. Deliveries of 45nm product remain approximately 400 wafers ahead of the Q4 plan.”)</i></p> <p>98. Since supply and demand for specific products were rarely in precise alignment, AMD tried to meet demand at an aggregate level with a mix of products.</p> <ul style="list-style-type: none"> • Ex. 163 (AMD-016-001798071-072) at 072 slide 7 (December 6, 2011 AMD email to AMD SVP of Global Operations J. Docherty and others stating: “Increased wafers will provided additional supply – should reach up to 5.35Mu total supply, all upside from Llano1. . . . <i>Demand fully covered at aggregate level. . . . Shaping A8 → A6 and NB → DT covers full allocation plan.</i>.”); • Ex. 151 (AMD-003-000468162) (January 10, 2012 email from L Su to C. Cloran stating: “[I]f we bicker with Supply Chain in the details of mix etc, we won't get the help we need when we really need it. And in honesty, I have never seen any supply chain that is able to hit the exact mix you want... <i>Since the mix always changes in quarter because we can't predict our customers that well.</i>.”); • Ex. 152 (L. Su Depo. Tr.) at 30:4-6 and 137:5-7 (“Well, in our business, you know, there are always mismatches or small mismatches between demand and supply as an ongoing basis. . . . <i>Again, in a business of this complexity, it's very unusual that everything would be matched perfectly.</i> There's always some type of mismatch.”). 	
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Alleged False or Misleading Statements: [Ex. 292](#) (January 24, 2012 4Q12 Earnings Conference Call Transcript) (AMD-003-000120847-848-868)

Alleged False or Misleading Statement	Undisputed Material Facts	Plaintiffs' Responses
<p>Alleged Statement No. 32 1/24/2012 4Q 2011 Earnings Call AMD-003-000120847 at 3 Speaker: Rory Read Rory Read So, in summary, our APU momentum continues to accelerate. Our server business continues to strengthen, posting two straight quarters of double-digit growth. We continue to offer the fastest graphics technology on the planet, and we are seeing consistent</p>	<p>The phrase “momentum continues to accelerate” is non-actionable puffery.</p> <p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the following precautionary language:</p> <p>Before we begin today's call, I'd like to caution everyone that we will be making forward-looking statements about management's expectations. Investors are cautioned that those statements are based on current beliefs, assumptions, and expectations; speak only as of the current date; and involve risks and uncertainties that could cause actual results to differ materially from our current expectations. The semiconductor industry is generally volatile and market conditions are particularly difficult to forecast. We encourage you to review our filings with the SEC, where we discuss the risk factors that could cause actual results to differ</p>	

<p>improvement in 32-nanometer yields and execution performance.</p>	<p>materially from our expectations. You'll find detailed discussions about such risk factors in AMD's Quarterly Report on Form 1Q-Q for the quarter ended October 1, 2011.</p> <p>Ex. 292 (January 24, 2012 AMD 4Q12 Earnings Conference Call Transcript) (AMD-003-000120847-848-868) at 850.</p> <p>Undisputed Material Facts</p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] as of the start of 2Q11).</p> <p>UF 12-13 and sources cited <i>supra</i> Alleged Statement No. 6 (regarding technological process on the 32-nanometer node and associated yields at GF, and the status as of the beginning of 2Q11).</p> <p>UF 21-22 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD's expectations for Llano availability as of the start of 2Q11).</p> <p>UF 23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding Llano launching as planned in June 2011).</p> <p>UF 24 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding the view of market observers that AMD's shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).</p> <p>UF 27-30 and sources cited <i>supra</i> Alleged Statement No. 12 (regarding AMD's understanding of channel demand as of 2Q11, including channel demand for its APUs and related products).</p> <p>UF 34-36 and sources cited <i>supra</i> Alleged Statement No. 15 (regarding Llano yield actions and sales expectations as of May 2011).</p> <p>UF 43-47 and sources cited <i>supra</i> Alleged Statement No. 19 (regarding AMD's expectation and the market's understanding that the Llano ramp would outpace the Brazos ramp).</p> <p>UF 50-60 and sources cited <i>supra</i> Alleged Statement No. 22 (regarding GF and AMD supply and demand forecasts for 3Q11 and AMD's 3Q11 guidance process).</p> <p>UF 80 and sources cited <i>supra</i> Alleged Statement No. 25 (regarding the efforts of GF and to continue ramping Llano in 3Q11).</p>	
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	<p>UF 81-91 and sources cited <i>supra</i> Alleged Statement No. 26 (regarding the market performance of AMD's APUs in 3Q11 and the beginning of 4Q11).</p> <p>UF 92 and sources cited <i>supra</i> Alleged Statement No. 27 (regarding AMD's expectations for 4Q11 Llano sales as of the end of October 2011).</p> <p>UF 94-98 and sources cited <i>supra</i> Alleged Statement No. 26 (regarding the improved ability of GF and AMD to meet Llano supply and demand forecasts in 4Q11).</p> <p><i>See also Ex. 241</i> (T. Seifert Resp. to Interrog.) at pp. 17-18 (T. Seifert stating that “[s]ales figures and other internal AMD documents confirm that <i>demand for AMD's Fusion family of APUs (Brazos and Llano) was robust</i> during the third quarter of 2011.”);</p> <p><i>See also Ex. 245</i> (R. Read Resp. to Interrog.) at pp. 7-8 (similar).</p> <p>Furthermore:</p> <p>99. AMD shipped 11.37 million APUs totaling \$480 in revenue in 4Q11, up from 10.4 million APUs totaling \$423 million in revenue in 3Q11.</p> <ul style="list-style-type: none"> • Ex. 109 (AMD-016-001707070-071) at 072 and 076 (January 13, 2012 AMD email attaching 4Q11 Business Unit Review stating: “<i>Record APU shipments of 11.3Mu up slightly from prior record of 11.1Mu . . . Total Client APU Rev (\$M) [was] \$480</i>”); • Ex. 108 (AMD-020-002193962) at 967 (3Q11 Business Unit Review stating: “<i>Total APU Desktop Units (M) 1.474 . . . Total APU Notebook Units (M) 9.617 . . . Total APU Desktop Rev (\$M) \$69 . . . Total APU Notebook Rev (\$M) \$354</i>”); • Ex. 379 (Whitworth Decl.) at ¶ 15 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD shipped 11.37 million APUs in 4Q11 for \$480 million). <p>100. AMD shipped 5.0 million Llano APUs totaling \$316 in revenue in 4Q11, up from 3.2 million Llano APUs totaling \$203 in revenue in 3Q11.</p> <ul style="list-style-type: none"> • Ex. 109 (AMD-016-001707070-071) at 072 (4Q11 Business Unit Review, noting “<i>Llano APU had record shipments of 5.0Mu</i>, of which 3.4Mu were Notebook and 1.6Mu were Desktop. . . . <i>Llano – Lynx [Desktop] Rev (\$M) \$96 . . . Llano – Sabine [Notebook] Rev (\$M) \$220</i>”); • Ex. 108 (AMD-020-002193962) at 967 (3Q11 Business Unit Review stating: “<i>Llano demand exceeded supply with shipments of 2.4Mu Notebook and 0.8Mu Desktop APU's . . . Llano – Lynx [Desktop] Rev (\$M) \$51 . . . Llano – Sabine [Notebook] Rev (\$M) \$152</i>”);
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- Ex. 379 (Whitworth Decl.) at ¶ 16 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD shipped 3.2 million Llano APUs in 3Q11 for a total of \$203 million in revenue, and 5.0 million units Llano APUs in 4Q11 for a total of \$316 million in revenue);
 - *See also Ex. 245* (R. Read Resp. to Interrog.) at pp. 10-11 (R. Read stating that "AMD's APUs – which included the Brazos, Llano and Trinity families of microprocessors – had strong customer reception and market adoption in 2011," and that the "trend continued in the first quarter of 2012.");
101. **AMD's shipments of 32-nanometer products in 4Q11 increased 80% over 3Q11.**
- Ex. 154 (AMD-016-001755523-525) (January 23, 2012 email from R. Cotter to T. Seifert attaching document file-named "Factoids.doc" stating: "**32nm unit shipments increased by more than 80% from the third quarter to the fourth quarter.**");
 - *See also Ex. 379* (Whitworth Decl.) at ¶ 17 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD shipped 6.09 million units of 32nm products in 4Q11, and 3.39 million 32nm units in 3Q11).
102. **APUs accounted for 96% and Llano APUs accounted for nearly 60% of AMD's \$374 million in notebook microprocessor revenue in 4Q11.**
- Ex. 109 (AMD-016-001707070-071) at 076 (4Q11 Business Unit Review, stating: "**Llano – Sabine [Notebook] Rev (\$M) \$220 . . . Total APU Notebook Rev (\$M) \$220M . . . Total Notebook Rev (\$M) \$374 . . . APU % of Total Notebook Rev (\$M) 96%**");
 - Ex. 154 (AMD-016-001755523-525) (January 23, 2012 email from R. Cotter to T. Seifert attaching document file-named "Factoids.doc" stating: "**Llano APUs ramped to represent nearly 60% of mobile microprocessor revenue**," and, "In Q4 2011, **mobile APUs accounted for nearly 100% of mobile microprocessors shipped[.]**");
 - Ex. 379 (Whitworth Decl.) at ¶¶ 18-19 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD's total 4Q11 notebook microprocessor revenue totaled \$374 million, APU notebook revenue totaled \$360, and Llano notebook APU revenue totaled \$220 million).
103. **By the end of 4Q11, AMD had shipped more than 30 million APUs.**
- Ex. 154 (AMD-016-001755523-525) (January 23, 2012 email from R. Cotter to T. Seifert attaching document file-named "Factoids.doc" stating: "**AMD shipped more than 30 million APUs to date**");

- Ex. 12 (AMD-003-000109973) at 996 (1Q11 Business Unit Review stating: “Total Client APU . . . Q410 . . . Units (M) 1.151 . . . **Total Client APU . . . Q111 . . . Units (M) 3.686**”);
 - Ex. 108 (AMD-020-002193962) at 967 (3Q11 Business Unit Review stating: “**Total Client APU . . . Q211 . . . Units (M) 6.880** . . . Total Client APU . . . Q311 . . . Units (M) 11.091 . . . QOQ % Change 61%”);
 - Ex. 109 (AMD-016-001707070-071) at 076 (4Q11 Business Unit Review stating: “**Total Client APU . . . Q311 . . . Units (M) 11.091 . . . Q411 . . . Units (M) 11.338** . . . QOQ % Change 2%”);
 - *See also* Ex. 245 (R. Read Resp. to Interrog.) at pp. 8-10 (R. Read stating that his statements “were not specific to Llano; rather he was referring to all APUs, which included Brazos, Llano, and Trinity,” and “[s]ales of the two APUs available to customers (Brazos and Llano) increased quarter-over-quarter in each quarter throughout 2011”);
 - Ex. 379 (Whitworth Decl.) at ¶ 20 (summarizing AMD’s sales data, produced in this action as AMD-028-002325474, stating that in 2011, AMD shipped a total of 34 million units of APUs.).
104. **Sales of Llano APUs to channel customers totaled \$51 million in 4Q11, a 122% increase over 3Q11, and sales of Llano APUs to OEM customers totaled \$265 million in 4Q11, an 47% increase over 3Q11.**
- Ex. 379 (Whitworth Decl.) at ¶ 21 (summarizing AMD’s sales data, produced in this action as AMD-028-002325474, stating that in 3Q11, AMD sold \$23 million of Llano APUs to channel customers, and, in 4Q11, AMD sold \$51 million of Llano to channel customers);
 - Id. at ¶ 21 (summarizing AMD’s sales data, produced in this action as AMD-028-002325474, stating that in 3Q11, AMD sold \$180 million of Llano APUs to its OEM customers, and, in 4Q11, AMD sold \$265 million of Llano to its OEM customers);
 - Id. at ¶ 22 (summarizing AMD’s sales data, produced in this action as AMD-028-002325474, stating that in [REDACTED] ;
 - Id. at ¶ 23 (summarizing AMD’s sales data, produced in this action as AMD-028-002325474, stating that in 3Q11, [REDACTED]);

	<ul style="list-style-type: none"> • <i>Id.</i> at ¶ 24 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that in 3Q11, [REDACTED]; [REDACTED]; • <i>Id.</i> at ¶ 25 (summarizing AMD's Product Demand Plan forecast, produced in this action as AMD-002-000013039, forecasting \$25 million of Llano No-GPU to channel customers in 4Q11); • <i>Id.</i> at ¶ 26 (summarizing AMD's Product Demand Plan forecast, produced in this action as AMD-002-000013039, forecasting \$262 million of Llano sales to OEM customers in 4Q11); • See also Ex. 61 (December 20, 2016 Expert Report of R. Kapoor) at ¶ 108 & Figure 17 (summarizing AMD sales data, produced in this action at AMD-028-002325474, showing that Llano APU sales to channel customers were \$37.445 million in 3Q11 and \$97.516 million in 4Q11, and that Llano APU sales to OEMs were \$179.637 million in 3Q11 and \$265.691 million in 4Q11). <p>105. As of January 24, 2012, AMD was forecasting that sales of Llano APUs would increase in 1Q12 over 4Q11.</p> <ul style="list-style-type: none"> • Ex. 379 (Whitworth Decl.) at ¶ 27 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that in 4Q11, Llano APU sales totaled \$316 million); • <i>Id.</i> at ¶ 27 (summarizing AMD's operating forecasts, including the 4Q11 workweek 11 PDP (AMD-003-000279558), forecasting 1Q12 Llano APU sales of \$359 million). 	
<p>Alleged Statement No. 33 1/24/2012 4Q 2011 Earnings Call AMD-003-000120847 at 5 Speaker: Rory Read Analyst John Pitzer (Credit Suisse)</p> <p>Yes, guys, congratulations on the good results. I'm just kind of curious, Rory and Tom, when you look at the guidance you're giving for the first quarter, can you help us put that into context? Is there an assumption that the hard disk drive issue in Thailand is negatively impacting Q1, and that's reflected? Are there</p>	<p>The phrase "customer acceptance . . . is quite strong" is non-actionable puffery.</p> <p>Undisputed Material Facts</p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] as of the start of 2Q11).</p> <p>UF 12-13 and sources cited <i>supra</i> Alleged Statement No. 6 (regarding technological process on the 32-nanometer node and associated yields at GF, and the status as of the beginning of 2Q11).</p> <p>UF 21-22 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD's expectations for Llano availability as of the start of 2Q11).</p> <p>UF 23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding Llano launching as</p>	

further share gains? And I'd be curious on the positive trend in servers, whether or not you'll make it three-for-three, as far as sequential growth. Thanks.

Rory Read

There is no doubt that the customer acceptance of our APU architecture is quite strong. We've now shipped over 30 million of these APUs to date. And we're seeing a strong uptake in terms of that architecture and what it means to the customer. They are looking for a better experience. I think that's a key reason why we've seen the momentum in our business and the ability to deliver on that.

planned in June 2011).

UF 24 and sources cited *supra* Alleged Statement No. 8 (regarding the view of market observers that AMD's shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).

UF 27-30 and sources cited *supra* Alleged Statement No. 12 (regarding AMD's understanding of channel demand as of 2Q11, including channel demand for its APUs and related products).

UF 34-36 and sources cited *supra* Alleged Statement No. 15 (regarding Llano yield actions and sales expectations as of May 2011).

UF 43-47 and sources cited *supra* Alleged Statement No. 19 (regarding AMD's expectation and the market's understanding that the Llano ramp would outpace the Brazos ramp).

UF 50-60 and sources cited *supra* Alleged Statement No. 22 (regarding GF and AMD supply and demand forecasts for 3Q11 and AMD's 3Q11 guidance process).

UF 80 and sources cited *supra* Alleged Statement No. 25 (regarding the efforts of GF and to continue ramping Llano in 3Q11).

UF 81-91 and sources cited *supra* Alleged Statement No. 26 (regarding the market performance of AMD's APUs in 3Q11 and the beginning of 4Q11).

UF 92 and sources cited *supra* Alleged Statement No. 27 (regarding AMD's expectations for 4Q11 Llano sales as of the end of October 2011).

UF 94-98 and sources cited *supra* Alleged Statement No. 31 (regarding the improved ability of GF and AMD to meet Llano supply and demand forecasts in 4Q11).

UF 99-105 and sources cited *supra* Alleged Statement No. 32 (regarding the market performance of AMD's APU's in 4Q11 and AMD expecations for 1Q12).

Alleged Statement No. 34

1/24/2012 4Q 2011 Earnings Call

AMD-003-000120847 at 5

Speaker: Rory Read

Rory Read

You know, our focus on execution around the APUs and around Llano is definitely paying off. And I think as we move forward, we should

The phrases "focus on execution" and "definitely paying off" are non-actionable puffery.

Undisputed Material Facts

UF 1-4 and 6-11 and sources cited *supra* Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] [REDACTED] of the start of 2Q11).

UF 12-13 and sources cited *supra* Alleged Statement No. 6 (regarding technological

be able to continue to build on that momentum.	<p>process on the 32-nanometer node and associated yields at GF, and the status as of the beginning of 2Q11).</p> <p>UF 21-22 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD's expectations for Llano availability as of the start of 2Q11).</p> <p>UF 23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding Llano launching as planned in June 2011).</p> <p>UF 24 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding the view of market observers that AMD's shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).</p> <p>UF 27-30 and sources cited <i>supra</i> Alleged Statement No. 12 (regarding AMD's understanding of channel demand as of 2Q11, including channel demand for its APUs and related products).</p> <p>UF 34-36 and sources cited <i>supra</i> Alleged Statement No. 15 (regarding Llano yield actions and sales expectations as of May 2011).</p> <p>UF 43-47 and sources cited <i>supra</i> Alleged Statement No. 19 (regarding AMD's expectation and the market's understanding that the Llano ramp would outpace the Brazos ramp).</p> <p>UF 50-60 and sources cited <i>supra</i> Alleged Statement No. 22 (regarding GF and AMD supply and demand forecasts for 3Q11 and AMD's 3Q11 guidance process).</p> <p>UF 80 and sources cited <i>supra</i> Alleged Statement No. 25 (regarding the efforts of GF and to continue ramping Llano in 3Q11).</p> <p>UF 81-91 and sources cited <i>supra</i> Alleged Statement No. 26 (regarding the market performance of AMD's APUs in 3Q11 and the beginning of 4Q11).</p> <p>UF 92 and sources cited <i>supra</i> Alleged Statement No. 27 (regarding AMD's expectations for 4Q11 Llano sales as of the end of October 2011).</p> <p>UF 94-98 and sources cited <i>supra</i> Alleged Statement No. 31 (regarding the improved ability of GF and AMD to meet Llano supply and demand forecasts in 4Q11).</p> <p>UF 99-105 and sources cited <i>supra</i> Alleged Statement No. 32 (regarding the market performance of AMD's APU's in 4Q11 and AMD expecations for 1Q12).</p>	
<p>Alleged Statement No. 35 1/24/2012 4Q 2011 Earnings Call AMD-003-000120847 at 7</p>	<p>The phrases "gives us the momentum[,"] and "deliver in a more effective way[,"] and "strong interest in the product" are non-actionable puffery.</p>	

<p>Speaker: Rory Read</p> <p><u>Rory Read</u></p> <p>We've actually increase[d] our Llano 32-nanometer product delivery by 80% from the third quarter. And now Llano makes up almost 60% of the mobile microprocessing revenue. I think this is a good step in the right direction. This gives us the momentum, and we were able to deliver in a more effective way on the customer demands. Is there a strong interest in the Product? Absolutely. Do we need to continue to build on the execution progress that we've made? For sure. We're not out of the woods yet but we're making steady progress. And with that, we've been delivering each and every week better and better and better. That 80% improvement quarter-quarter suggests a nice mix in terms of 32-nanometer, and positions us again for Q1.</p>	<p>Undisputed Material Facts</p> <p>UF 101 and sources cited <i>supra</i> Alleged Statement No. 32 (regarding AMD's 80% increase in 32-nanometer shipments in 4Q11 over 3Q11).</p> <p>UF 102 and sources cited <i>supra</i> Alleged Statement No. 32 (regarding Llano accounting for nearly 60% of AMD's \$374 million in notebook microprocessor revenues in 4Q11). For "momentum" and "deliver . . . on the customer demands" and "strong interest in the Product" <i>see</i>:</p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] of the start of 2Q11).</p> <p>UF 12-13 and sources cited <i>supra</i> Alleged Statement No. 6 (regarding technological process on the 32-nanometer node and associated yields at GF, and the status as of the beginning of 2Q11).</p> <p>UF 21-22 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD's expectations for Llano availability as of the start of 2Q11).</p> <p>UF 23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding Llano launching as planned in June 2011).</p> <p>UF 24 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding the view of market observers that AMD's shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).</p> <p>UF 27-30 and sources cited <i>supra</i> Alleged Statement No. 12 (regarding AMD's understanding of channel demand as of 2Q11, including channel demand for its APUs and related products).</p> <p>UF 34-36 and sources cited <i>supra</i> Alleged Statement No. 15 (regarding Llano yield actions and sales expectations as of May 2011).</p> <p>UF 43-47 and sources cited <i>supra</i> Alleged Statement No. 19 (regarding AMD's expectation and the market's understanding that the Llano ramp would outpace the Brazos ramp).</p> <p>UF 50-60 and sources cited <i>supra</i> Alleged Statement No. 22 (regarding GF and AMD supply and demand forecasts for 3Q11 and AMD's 3Q11 guidance process).</p> <p>UF 80 and sources cited <i>supra</i> Alleged Statement No. 25 (regarding the efforts of GF and to continue ramping Llano in 3Q11).</p>	
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	<p>UF 81-91 and sources cited <i>supra</i> Alleged Statement No. 26 (regarding the market performance of AMD's APUs in 3Q11 and the beginning of 4Q11).</p> <p>UF 92 and sources cited <i>supra</i> Alleged Statement No. 27 (regarding AMD's expectations for 4Q11 Llano sales as of the end of October 2011).</p> <p>UF 94-98 and sources cited <i>supra</i> Alleged Statement No. 31 (regarding the improved ability of GF and AMD to meet Llano supply and demand forecasts in 4Q11).</p> <p>Furthermore:</p> <p>106. As of December 2011, AMD was forecasting 1Q12 microprocessor sales of \$866 million, a decline of 5% over 4Q11.</p> <ul style="list-style-type: none"> • Ex. 379 (Whitworth Decl.) at ¶ 28 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that in 4Q11, AMD's microprocessor revenues totaled \$911 million); • Ex. 379 (Whitworth Decl.) at ¶ 28 (summarizing AMD's operating forecasts, including the Q4 2011 forecast for 1Q12 revenue, forecasting \$866 million in 1Q11 microprocessor revenue). <p>107. Market observers anticipated that revenue would decline in 1Q12 over 4Q11, due to seasonality and macroeconomic and market trends.</p> <ul style="list-style-type: none"> • Ex. 293 (AMD-021-002272131) at p. 1 (December 20, 2011 ThinkEquity analyst report stating: "In the PC/server segment, we believe a <i>lowered outlook for Intel reflects in part constraints in the hard drive supply chain coupled with muted consumer demand trends.</i>"); • Ex. 165 (AMD-021-002256031) at p. 1 (FBR analyst report stating: "[W]e should hear increasing management commentary that <i>1Q12 is the fundamental trough, though with low visibility</i> into the slope of any 2H shipment recovery.); • Ex. 166 (AMD-021-002273284) at slide 1 (January 4, 2012 UBS analyst report stating: "Maintain our view that the <i>weaker than seasonal 1Q12 will be the cyclical bottom</i> for utilization rates and revenue growth, and we expect a recovery from 2Q12."); • Ex. 294 (AMD-021-002263500) at p. 5 (January 4, 2012 Nomura analyst report stating: "Life remains very dreary for the PC market as <i>consumers still have little interest in buying PCs instead lavishing their hard earned dollars on smartphones and tablets</i>," which, "combined with the shortage in HDDs, has pushed the PC market further into the doldrums"); 	
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- Ex. 295 (AMD-021-002271145) at p. 1 (January 6, 2012 Sterne Agee report stating that “the x86 PC market [AMD’s chips] will see challenges from Win8/ARM which could reduce growth,” and that OEM builds were “*tracking down 10-12% q/q* due to “*seasonality in the PC space and the HDD supply issues*”);
- Ex. 296 (AMD-021-002270744) at p. 1 (January 6, 2012 SIG analyst report, noting that AMD was “underweight,” and that the analyst was “expecting low-single-digit declines for broader semi companies, with steeper 1Q declines for PC-related semis,” due to “slower seasonal demand in 1Q,” “near-term impact from the HDD shortage” as well as “slower secular demand”);
- Ex. 297 (AMD-021-002249614) at p. 1 (January 9, 2012 BMO analyst report noting that “4Q Ended In Line with our Expectations, *1Q Continues to Look Weak*,” due to “HDD shortages [] compounding the demand uncertainty that already exists in the market,” and expecting “*2012 . . . to be a more than normal back-end loaded year*”);
- Ex. 298 (AMD-021-002254713) at p. 1 (January 17, 2012 Evercore analyst report stating regarding Intel: “*Muted 1Q guide expected*: Despite an easy compare on poor 4Q results, mgmt could still guide 1Q sales down . . .”);
- Ex. 299 (AMD-021-002259894) at 896 (January 17, 2012 JP Morgan analyst report noting “*1Q12 guidance below seasonal*,” and “*expect[ing] 1Q’12 will be mostly below-normal seasonality*”);
- Ex. 300 (AMD-021-002260609) at p. 1 (January 23, 2012 Longbow report stating: “We find that *AMD is likely to guide to a steeper decline in 1Q revenues than did Intel*. Our analysis shows that this is likely to be the case even if AMD has exactly the same exposure to the HDD shortage,” but that “[g]uidance for a steeper revenue decline [] should not be viewed as a negative signal regarding AMD’s execution, share position, or GF’s yields”).

108. **On January 24, 2012, AMD announced that 1Q12 revenue would decrease 8%, plus or minus 3%, over 4Q11.**

- Ex. 167 (January 24, 2012 Press Release titled “AMD Reports Fourth Quarter and Annual Results) at p. 3 (AMD announcing 4Q11 revenue of \$1.69 billion and stating: “*AMD expects revenue to decrease eight percent, plus or minus three percent, sequentially*”);
- *See also Ex. 164* (AMD-007-000889587) at p. 16 (January 2012 Sales Group’s Q1’2012 Outlook stating “*AMD Q1 is typically down 8% vs. Q4, in line with Q1*

	<p><i>target of \$1612 vs. Q4 at \$1,750</i>" and one of the risks to the forecast is "Macroeconomic conditions (European debt concerns, Consumer confidence, HDD supply, etc.) are causing the market analysts (IDC, Mercury) to forecast a total QoQ client PC market decline of between 10-15%).</p> <p>Nonetheless:</p> <p><i>See UF 99-105</i> and sources cited <i>supra</i> Alleged Statement No. 32 (regarding anticipated increases in APUs sales in 1Q12).</p>	
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Alleged False or Misleading Statements: Ex. 323 (February 2, 2012 AMD 4Q12 Analyst Day Transcript) (Depo. Ex. 211)

Alleged False or Misleading Statement	Undisputed Material Facts	Plaintiffs' Responses
<p><u>Alleged Statement No. 36</u> 2/22/2012 AMD 2012 Financial Analyst Day Dep Ex 211 at 14 Speaker: Lisa Su Dr. Lisa Su</p> <p>The thing about APUs is where do we think it can go in the market. And if you look at the market adoption for this technology, it's been fantastic. We've shipped over 30 million APU units today. And if you look at it, just started shipping in fourth quarter 2010, it really has made tremendous progress. 11 of the top 12 OEMs are shipping AMD APUs, and we see that continuing to grow and the momentum continuing to grow into 2012 and 2013.</p>	<p>The phrase "it's been fantastic" is non-actionable puffery.</p> <p>Undisputed Material Facts</p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] of the start of 2Q11).</p> <p>UF 12-13 and sources cited <i>supra</i> Alleged Statement No. 6 (regarding technological process on the 32-nanometer node and associated yields at GF, and the status as of the beginning of 2Q11).</p> <p>UF 21-22 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD's expectations for Llano availability as of the start of 2Q11).</p> <p>UF 23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding Llano launching as planned in June 2011).</p> <p>UF 24 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding the view of market observers that AMD's shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).</p> <p>UF 27-30 and sources cited <i>supra</i> Alleged Statement No. 12 (regarding AMD's understanding of channel demand as of 2Q11, including channel demand for its APUs and related products).</p> <p>UF 34-36 and sources cited <i>supra</i> Alleged Statement No. 15 (regarding Llano yield actions and sales expectations as of May 2011).</p> <p>UF 43-47 and sources cited <i>supra</i> Alleged Statement No. 19 (regarding AMD's expectation and the market's understanding that the Llano ramp would outpace the Brazos</p>	

	<p>ramp).</p> <p>UF 50-60 and sources cited <i>supra</i> Alleged Statement No. 22 (regarding GF and AMD supply and demand forecasts for 3Q11 and AMD's 3Q11 guidance process).</p> <p>UF 80 and sources cited <i>supra</i> Alleged Statement No. 25 (regarding the efforts of GF and to continue ramping Llano in 3Q11).</p> <p>UF 81-91 and sources cited <i>supra</i> Alleged Statement No. 26 (regarding the market performance of AMD's APUs in 3Q11 and the beginning of 4Q11).</p> <p>UF 92 and sources cited <i>supra</i> Alleged Statement No. 27 (regarding AMD's expectations for 4Q11 Llano sales as of the end of October 2011).</p> <p>UF 94-98 and sources cited <i>supra</i> Alleged Statement No. 31 (regarding the improved ability of GF and AMD to meet Llano supply and demand forecasts in 4Q11).</p> <p>UF 99-105 and sources cited <i>supra</i> Alleged Statement No. 32 (regarding the market performance of AMD's APU's in 4Q11 and AMD expectations for 1Q12).</p> <p><i>See also Ex. 301</i> (L. Su Resp. to Interrog.) at pp. 4-7 (L. Su stating that her statement "included but [was] not limited to Llano," and that as "<i>the market began to learn more about what this new [APU] technology was, customer interest grew,</i>" and that this "<i>pattern of strong customer adoption and sell-through continued</i>" throughout 2011).</p>	
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Alleged False or Misleading Statements: Ex. 292 (January 24, 2012 4Q12 Earnings Conference Call Transcript) (AMD-003-000120847-848-868) (cont'd)

Alleged False or Misleading Statement	Undisputed Material Facts	Plaintiffs' Responses
<p>Alleged Statement No. 37 1/24/2012 4Q 2011 Earnings Call AMD-003-000120847 at 3 Speaker: Rory Read</p> <p><u>Rory Read</u></p> <p>AMD dominated the busiest shopping week of the year, powering more than 70% of PCs sold in the retail segment on Black Friday. We saw similar success in high-growth markets. For example, in China, we posted our third straight quarter of significant retail notebook share gain[s], and customer adoption of our APUs continues to increase. Design wins for our next-</p>	<p>Undisputed Material Facts</p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] as of the start of 2Q11).</p> <p>UF 12-13 and sources cited <i>supra</i> Alleged Statement No. 6 (regarding technological process on the 32-nanometer node and associated yields at GF, and the status as of the beginning of 2Q11).</p> <p>UF 21-22 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding AMD's expectations for Llano availability as of the start of 2Q11).</p> <p>UF 23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding Llano launching as planned in June 2011).</p>	

generation APU platforms are tracking ahead of the record number of design wins we secured in 2011.

UF 24 and sources cited *supra* Alleged Statement No. 8 (regarding the view of market observers that AMD's shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).

UF 27-30 and sources cited *supra* Alleged Statement No. 12 (regarding AMD's understanding of channel demand as of 2Q11, including channel demand for its APUs and related products).

UF 34-36 and sources cited *supra* Alleged Statement No. 15 (regarding Llano yield actions and sales expectations as of May 2011).

UF 43-47 and sources cited *supra* Alleged Statement No. 19 (regarding AMD's expectation and the market's understanding that the Llano ramp would outpace the Brazos ramp).

UF 50-60 and sources cited *supra* Alleged Statement No. 22 (regarding GF and AMD supply and demand forecasts for 3Q11 and AMD's 3Q11 guidance process).

UF 80 and sources cited *supra* Alleged Statement No. 25 (regarding the efforts of GF and to continue ramping Llano in 3Q11).

UF 81-91 and sources cited *supra* Alleged Statement No. 26 (regarding the market performance of AMD's APUs in 3Q11 and the beginning of 4Q11).

UF 92 and sources cited *supra* Alleged Statement No. 27 (regarding AMD's expectations for 4Q11 Llano sales as of the end of October 2011).

UF 94-98 and sources cited *supra* Alleged Statement No. 31 (regarding the improved ability of GF and AMD to meet Llano supply and demand forecasts in 4Q11).

UF 99-105 and sources cited *supra* Alleged Statement No. 32 (regarding the market performance of AMD's APU's in 4Q11 and AMD expectations for 1Q12).

Alleged False or Misleading Statements: Ex. 183 (April 19, 2012 AMD 1Q12 Earnings Call Transcript) (Depo. Ex. 373)

Alleged False or Misleading Statement	Undisputed Material Facts	Plaintiffs' Responses
Alleged Statement No. 38 4/19/2012 1Q 2012 Earnings Call Dep Ex 373 at 11 Speaker: Rory Read Analyst Stacy Rasgon (Sanford C. Bernstein & Company, Inc.)	Undisputed Material Facts UF 105-107 and sources cited <i>supra</i> Alleged Statement No. 35 (regarding anticipated seasonal decline in the microprocessor market overall in 1Q12). UF 99-105 and sources cited <i>supra</i> Alleged Statement No. 32 (regarding anticipated increases in APUs sales in 1Q12).	

Got it, that's helpful. And if I can ask one follow-up, so you mentioned lower 45-nanometer desktop sales. I know last quarter, or two quarters ago you had been impacted as you were moving the capacity over to 32. And then last quarter, you were impacted because you had a processing excursion, I would assume, as you were moving it back. Lower sales, now, is this because there's still an issue with the process, or is this just more of it into OEMs moving off of 45 and onto 32? And on that line, if you could give us some feeling for how much your 32-nanometer shipments actually increased quarter over quarter, that would be really helpful.

Rory Read

From the standpoint of desktop, there's no doubt those earlier issues kind of held that back. We are intensely focused on increasing our ability to deliver and really recapture that share in desktop. **This is important for our business and it is important to go forward. I don't really see, from a desktop perspective, any significant issues.** We've just got to deliver the 45 processor load and the 32. We've got to ramp that up as, now, supply positions are dramatically better.

Furthermore:

109. **AMD disclosed in response to an April 19, 2012 question about “45-nanometer desktop sales” and the 3Q11 32-nanometer “processing excursion” disclosed “last quarter” that its 32-nanometer products were “beginning to ramp up[.]”**
 - **Ex. 183** (April 19, 2012 AMD 1Q12 Earnings Call Transcript) (Depo. Ex. 373) at 11 (T. Seifert stating *just after* the alleged false or misleading statement: “In terms of trade-off between 32 and 45, 45 still plays well in the market. **32 is beginning to ramp up now that you've gotten the supply situation behind us.** We are focused on this. You can talk to any of our business unit leaders; **this is an item that we have to continue to focus on and make progress. I am not seeing anything from an execution standpoint that should hold us back.** We need to deliver on this capability and put us in a position to go forward.”).
110. **In 2011 and 2012, about 70% of AMD’s sales of desktop microprocessors were to channel customers.**
 - **Ex. 379** (Whitworth Decl.) at ¶¶ 29-30 (summarizing AMD’s sales data, produced in this action as AMD-028-002325474, stating that in 2011 and 2012, AMD sold \$3.782 billion of desktop microprocessors, and \$2.463 billion of notebook microprocessors);
 - ***Id.*** at ¶¶ 29-30 (summarizing AMD’s sales data, produced in this action as AMD-028-002325474, stating that in 2011 and 2012, AMD sold \$1.109 billion of desktop microprocessors to OEMs, and \$2.673 of desktop microprocessors to channel customers);
 - ***Id.*** at ¶¶ 29-30 (summarizing AMD’s sales data, produced in this action as AMD-028-002325474, stating that in 2011 and 2012, AMD sold \$2.455 billion of notebook microprocessors to OEMs, and \$7.5 million of notebook microprocessors to channel customers);
 - *See also Ex. 61* (December 20, 2016 Expert Report of R. Kapoor) at ¶¶ 33-34 & Figure 3 (summarizing AMD’s sales data, produced in this action as AMD-028-002325474, showing that in 2011-2012 \$2,672,749,000 of AMD’s \$3,781,653,000 in desktop sales were to channel customers);
 - *See also Ex. 169* (Plaintiffs’ Second Supplemental Responses to AMD’ Interrogs.) at p. 41 (“As part of AMD’s Llano allocation plan, it chose to prioritize its limited Llano supply to its OEM customers (which produced notebook and desktop computers) over its **channel customers (which overwhelmingly sold desktop computers).**”).

111. **Market observers recognized that AMD's sales of microprocessors to channel customers comprised mostly desktop units.**
- **Ex. 58** (AMD-021-002244800) at 1-2 (July 22, 2011 Avian analyst report stating: "AMD gained *notebook share in the quarter on successful OEM adoption* of both Brazos and Llano"");
 - **Ex. 191** (AMD-021-002273519) at p. 1 (October 27, 2011 UBS analyst report stating: "AMD 3Q11 results were ahead of estimates, as *the channel pulled product from AMD inventory to satisfy end of quarter desktop demand*. . . . Computation sales were +7% q/q to \$1,286m, 3% above our estimate, on quarter-end channel strength for older gen desktop processors (as *constrained Llano output was focused to support notebook OEMs*).").
112. **AMD's Llano sales to channel customers increased each quarter from 3Q11 through 1Q12.**
- **Ex. 379** (Whitworth Decl.) at ¶ 31 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that in 3Q11, AMD sold \$37 million of Llano to channel customers; in 4Q11, AMD sold \$98 million of Llano to channel customers; and, in 1Q12, AMD sold \$122 million of Llano to channel customers);
 - ***Id.*** at ¶ 32 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that sales of Llano to [REDACTED] [REDACTED];
 - ***Id.*** at ¶ 33 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that sales of Llano to [REDACTED] [REDACTED];
 - ***Id.*** at ¶ 34 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that sales of Llano to [REDACTED] [REDACTED]);
 - *See also Ex. 61* (December 20, 2016 Expert Report of R. Kapoor) at ¶ 100 & Figure 10 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, showing Llano sales to AMD's largest channel customers from 3Q11 through 3Q12).
113. **AMD's share of the desktop microprocessor market grew from 4Q11 to 1Q12.**
- **Ex. 324** (IDC Worldwide Client PC and PC Server Microprocessor 2Q16 Vendor Shares, published August 2016) at TAB "Pivot Table-Old 1Q09-1Q15" (showing that 9.63 million of 40.45 million "desktop PC microprocessor units" shipped in

	<p>4Q11 were shipped by AMD, and that 9.63 million of 38.97 million “desktop PC microprocessor units” shipped in 1Q12 were shipped by AMD);</p> <ul style="list-style-type: none"> • <i>See also Ex. 61</i> (December 20, 2016 Expert Report of R. Kapoor) at Appendix C, ¶ 2 & Figure C2 (summarizing data from the IDC Worldwide Client PC and PC Server Microprocessor 2Q16 Vendor Shares, published August 2016). <p>114. In 1Q12, as AMD’s quarter-over-quarter inventory increased, AMD initiated a campaign to increase sales of Llano products in the channel.</p> <ul style="list-style-type: none"> • Ex. 170 (AMD 1Q11 Form 8-K and Exhibits dated April 19, 2012) (Depo. Ex. 352) at Ex. 99.2 (CFO Commentary) p. 4 (disclosing that <i>“Inventory was \$585 million exiting the quarter, up \$109 million from the prior quarter primarily in preparation for new product launches.”</i>); • Ex. 171 (AMD-021-002275183) at p. 2 (April 20, 2012 Wedbush analyst report stating: “Inventory days increased by 15 days to 62 in Q1. . . . AMD indicated that inventory increase was driven by a build up for new product launches including 28nm mobile graphic cards and top to bottom refresh of its APU product family.”); • Ex. 172 (AMD-021-002255253) at p. 3 (April 19, 2012 Evercore analyst report stating: “Inventory significantly increased \$109mn QoQ (+23% QoQ) in preparation of product launches (Trinity, Brazos 2.0, 28nm GPU). Deferred income on shipment to distributors increased 11% QoQ. If demand doesn’t materially improve over the next few months, this could add significant risk.”); • Ex. 173 (AMD-003-000281271) (January 31, 2012 email regarding <i>“AMD Sales Enablement: Unleashing APU!”</i> marketing program, forwarding the “Component Channel Sales and Marketing Update, a monthly publication striving to drive a <i>singular worldwide focus</i> enabling us, as a team, to achieve and exceed our goals. Now more than ever it is critical that we drive the adoption of AMD A-Series APUs.”); • Ex. 174 (AMD-016-001828870) (February 15, 2012 email with AMD sales teams, regarding AMD’s <i>“Unleash APU”</i> marketing program, <i>“featuring APU messaging (APU = GPU + CPU), as well as an updated landing page</i> that includes the A8 3870k as the flagship system.”); • Ex. 175 (AMD-004-000554622) (February 25, 2012 AMD email regarding “Unleash APU” marketing program, directing sales personnel to resources <i>“to find marketing assets to support sales of AMD A-Series APUs”</i>); 	
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	<ul style="list-style-type: none"> • <u>Ex. 176</u> (AMD-016-001836109) at slide 2 (January 2012 slide deck regarding “Unleash APU” marketing plan, explaining that in 1Q12, AMD global marketing was investing its resources to “<i>enable/train [the] channel</i>” on APUs, “<i>drive awareness</i>” about APUs, and “<i>promote & sell</i>” APUs). <p>115. As of April 19, 2012, AMD was projecting 2Q12 microprocessor sales to channel customer of \$393 million, which was within about 4% of 1Q12 sales.</p> <ul style="list-style-type: none"> • <u>Ex. 379</u> (Whitworth Decl.) at ¶ 35 (summarizing AMD’s sales data, produced in this action as AMD-028-002325474, stating that in 1Q12, AMD sold \$351 million of microprocessors to channel customers); • <u>Id.</u> at ¶ 36 (summarizing AMD’s operating forecasts, including monthly operating forecast for 2Q12, forecasting \$393 million of microprocessor sales to channel customers). 	
<p><u>Alleged Statement No. 39</u> 4/19/2012 1Q 2012 Earnings Call Dep Ex 373 at 12 Speaker: Rory Read <u>Analyst JoAnne Feeney (Longbow Research)</u></p> <p>Thanks and congrats on a nice quarter. I have a question about how your customers are handling the transition from Llano to Trinity and Brazos, the original version, to Brazos 2.0. Are you seeing any of them pause in their purchases? And are you instead sending, perhaps, some of those existing inventories out to emerging markets and channel customers, rather than the OEMs? Can you give us (multiple speakers) transition, and if there’s a lull in the second quarter here because of that?</p> <p>Rory Read</p> <p>Okay, no problem. Thanks for the question. From the standpoint of emerging market I do want to reference the emerging market. In the quarter, we’ve definitely seen continued microprocessor revenue growth, up about 21%</p>	<p>The phrases “done very well” and “followed that up” are non-actionable puffery.</p> <p><u>Undisputed Material Facts</u></p> <p>UF 23 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding Llano launching as planned in June 2011).</p> <p>UF 24 and sources cited <i>supra</i> Alleged Statement No. 8 (regarding the view of market observers that AMD’s shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).</p> <p>UF 27-30 and sources cited <i>supra</i> Alleged Statement No. 12 (regarding AMD’s understanding of channel demand as of 2Q11, including channel demand for its APUs and related products).</p> <p>UF 43-47 and sources cited <i>supra</i> Alleged Statement No. 19 (regarding AMD’s expectation and the market’s understanding that the Llano ramp would outpace the Brazos ramp).</p> <p>UF 81-91 and sources cited <i>supra</i> Alleged Statement No. 26 (regarding the market performance of AMD’s APUs in 3Q11 and the beginning of 4Q11).</p> <p>UF 92 and sources cited <i>supra</i> Alleged Statement No. 27 (regarding AMD’s expectations for 4Q11 Llano sales as of the end of October 2011).</p> <p>UF 94-98 and sources cited <i>supra</i> Alleged Statement No. 31 (regarding the improved ability of GF and AMD to meet Llano supply and demand forecasts in 4Q11).</p>	

year-over-year. And clearly, the Brazos APU has done very well in emerging market and Llano followed that up.

UF 99-105 and sources cited *supra* Alleged Statement No. 32 (regarding the market performance of AMD's APU's in 4Q11 and AMD expecations for 1Q12).

Furthermore:

116. AMD's 1Q11 Llano sales to Greater China and Latin America totaled \$0.

- **Ex. 61** (December 20, 2016 Expert Report of R. Kapoor) at ¶ 98 & Figure 8 (summarizing AMD sales data , produced in this action at AMD-028-002325474, showing 1Q11 Llano sales of \$0 to Greater-China OEMs, \$ to Greater-China channel customers, \$0 to Latin America OEMs, and \$0 to Latin America channel customers);

117. AMD's 2Q11 Llano sales to Greater China and Latin America were over \$45 million.

- **Ex. 61** (December 20, 2016 Expert Report of R. Kapoor) at ¶ 98 & Figure 8 (summarizing AMD sales data , produced in this action at AMD-028-002325474, showing 2Q11 Llano sales of \$44.743 million to Greater-China OEMs, \$0.598 million to Greater-China channel customers, \$0.045 million to Latin America OEMs, and \$0.074 million to Latin America channel customers);

118. AMD's 3Q11 Llano sales to Greater China and Latin America were over \$172 million.

- **Ex. 61** (December 20, 2016 Expert Report of R. Kapoor) at ¶ 98 & Figure 8 (summarizing AMD sales data , produced in this action at AMD-028-002325474, showing 3Q11 Llano sales of \$144.234 million to Greater-China OEMs, \$27.340 million to Greater-China channel customers, \$0.366 million to Latin America OEMs, and \$0.946 million to Latin America channel customers);

119. AMD's 4Q11 Llano sales to Greater China and Latin America were over \$281 million.

- **Ex. 61** (December 20, 2016 Expert Report of R. Kapoor) at ¶ 98 & Figure 8 (summarizing AMD sales data , produced in this action at AMD-028-002325474, showing 4Q11 Llano sales of \$217.634 million to Greater-China OEMs, \$59.893 million to Greater-China channel customers, \$2.808 million to Latin America OEMs, and \$1.268 million to Latin America channel customers);

120. AMD's 1Q12 Llano sales to Greater China and Latin America were over \$284 million.

- **Ex. 61** (December 20, 2016 Expert Report of R. Kapoor) at ¶ 98 & Figure 8 (summarizing AMD sales data , produced in this action at AMD-028-002325474,

showing 1Q12 Llano sales of \$172.593 million to Greater-China OEMs, \$107.292 million to Greater-China channel customers, \$1.403 million to Latin America OEMs, and \$3.648 million to Latin America channel customers).

121. In 1Q12, Brazos APU sales increased 26% over 1Q11.

- **Ex. 186** (AMD-016-001770508-29) at p. 5 (1Q12 Business Unit Review stating: “*Desktop APUs Brazos . . . Q1’12 Rev (\$M) \$15 . . . Notebook APUs Brazos . . . Q1’12 Rev (\$M) \$131*”; *see also id.* at p. 2 (stating: “Channel sales decreased by \$30M mainly in EMEA(-\$24M)/AMR(-\$13M) which was partially offset by growth in Greater China(+\$8M) driven by Llano Athlon II (No GPU) . . . 1.4Mu of 32nm Llano Athlon II – No-GPU units were sold mainly through the channel in Q1’12 driven by Greater China.”);
- **Ex. 12** (AMD-003-000109973) at 5 (1Q11 Business Unit Review, stating: *Desktop APUs Ontario/Zacate . . . Q111 Rev (\$M) \$10.4 . . . Notebook APUs Ontario/Zacate . . . Q111 Rev (\$M) \$104.7*);
- **Ex. 379** (Whitworth Decl.) at ¶ 37 (summarizing AMD’s sales data, produced in this action as AMD-028-002325474, stating that in 1Q11, AMD sold \$115 million of Brazos chips, and, in 1Q12, sold \$145 million of Brazos chips).

122. During 1Q12, AMD’s customers continued to build Llano microprocessors into their notebook computers.

- **Ex. 177** (AMD-003-000383033-034-048) at 036 (April 17, 2012 email from R. Cotter to R. Read attaching “Results Brief” for 1Q12, which noted “*APU momentum accelerating*,” and that “[v]irtually 100% of Q1 mobile unit shipments were APUs,” “[d]riving nearly a 30% y-o-y mobile processor unit shipment increase”).
- **Ex. 178** (AMD-003-000126980-981) at 981 p. 6 (April 4, 2012 AMD email attaching April 12, 2012 Sales Presentation for 1Q12 Earnings Call stating: “*AMD taking 35%+ share of top 25 sku unit volume with more Llano presence than ever before* (AMD powered 3 of the top[] 5 selling NB skus above 400 dollars in N. America” . . . *AMD’s E series/Brazos and Llano A6 were both in the top 5 selling skus in NA and* [REDACTED] [REDACTED]).

123. From 2011 through 2012, the Individual Defendants’ saleable holdings of AMD securities increased in the aggregate, and no Individual Defendant’s holdings decreased.

	<ul style="list-style-type: none"> • Ex. 179 (December 20, 2016 Expert Report of B. Cornell) at ¶ 42 & Exhibit I (detailing the Individual Defendants' changes in reported saleable AMD holdings during 2011 and 2012). <p>124. On May 10, 2012, Rory Read told AMD's Head of Investor Relations that he thought that AMD's stock was "a bargain."</p> <ul style="list-style-type: none"> • Ex. 180 (AMD-020-002100658) (May 10, 2012 emails from Rory Read stating: "<i>Could I buy stock today? . . . I think it is a bargain</i> . . . Is a 100k dollars ok[?]"). <p>125. On May 17, 2012, Rory Read purchased 8,000 shares of AMD stock.</p> <ul style="list-style-type: none"> • Ex. 181 (Form 4 for Rory P. Read, dated May 18, 2012) at 1 (showing that on May 17, 2012, R. Read acquired 8,000 shares of AMD common stock at a price of \$6.20 per share). 	
<p><u>Alleged Statement No. 40</u> 4/19/2012 1Q 2012 Earnings Call Dep Ex 373 at 4 Speaker: Thomas Seifert Thomas Seifert Revenue for the first quarter of 2012 was \$1.59 billion, down 6% sequentially driven by a seasonal decline in the Computing Solutions segment. The Graphics segment revenue was sequentially flat in the typically down quarter. Non-GAAP gross margin was 46%, flat sequentially and a point higher than expected. The delta to guidance is the result of higher than anticipated demand for certain 32-nanometer Llano products, particularly in emerging markets.</p>	<p>The phrase "higher than anticipated demand" is non-actionable puffery.</p> <p><u>Undisputed Material Facts</u></p> <p>126. AMD's percentage gross margin was 1% above its guidance in 1Q12.</p> <ul style="list-style-type: none"> • Ex. 182 (AMD 4Q11 Earning Release dated January 24, 2011) at p. 5 and 6 (stating: "<i>Gross margin is expected to be approximately 45 percent . . .</i>"); • Ex. 183 (April 19, 2012 AMD 1Q12 Earnings Call Transcript) (Depo. Ex. 373) at 4 (T. Seifert stating just prior to the accused statement: "<i>Non-GAAP gross margin was 46%, flat sequentially and a point higher than expected</i>"). <p>127. AMD's percentage gross margin was 1% above its guidance in 1Q12 due to higher-than-anticipated sales of Llano no-GPU chips, particularly in the Greater China region.</p> <ul style="list-style-type: none"> • Ex. 184 (AMD-011-001597455) at 456 (April 8, 2012 AMD email to T. Seifert stating: "<i>The primary difference in GM vs. M3 is the result of an increase in Llano NPU (No-GPU) sales.</i> We saw an increase of 170ku vs. the M3 plan that resulted in an increase in ~\$20M of revenue and \$17M in incremental GM."); • Ex. 185 (AMD-019-002056410) at slides 5 (March 29, 2012 AMD slide deck titled "Client Margin Management Q1'12 QTD Status" and stating that the "<i>Q1 2012 QTD . . . GM%</i> on <i>"Llano1-NGPU"</i> products was <i>"61.5%[.]</i>"); • Ex. 186 (AMD-016-001770508-529) at pp. 2 and 6 (1Q12 Business Unit Review stating: Channel sales decreased by \$30M mainly in EMEA(-\$24M)/AMR(-\$13M) which was partially offset by growth in Greater China(+\$8M) driven by 	

Llano Athlon II (No GPU) . . . 1.4Mu of 32nm *Llano Athlon II – No-GPU units were sold mainly through the channel in Q1'12 driven by Greater China.*”).

128. Internally, AMD referred to Llano NPU, no-GPU, or NGPU products as Llano products.

- **Ex. 187** (AMD-016-001704468-472) at 472 slide 6 (January 24, 2012 AMD email attaching slide deck titled “January AET & M1 Supply Review” *listing “Llano No-GPU” alongside “Llano 4C” and “Llano 2C/3C” as a “Product”* and noting: “400ku Buy-sell nets \$13M upside to plan, ASP meet plan”);
- **Ex. 188** (AMD-003-000262366) (AMD email between finance employees, listing “No GPU” Llano as good die: “PG Finance is in the process of evaluating the re-distribution of the wafer cost on ***ALL Llano good die (4c/2c/No GPU)*** which change the LN cost per unit forecast dramatically if executed.”);
- **Ex. 169** (Plaintiffs’ Second Supplemental Responses to AMD’ Interrogs.) at p. 177 (discussing *“demand for all Llano products (including Llano NPU or Llano No-GPU)”*);
- **Ex. 303** (AMD-016-001929838-839) at 839 p. 18 (June 20, 2011 “Gross Margin and R&D Update” at June 2011 CFO Staff Meeting. “The Llano Supply and Demand Alignment” table broke down the Llano supply to subgroup “E/A4,” “A6/A8,” “2C No GPU,” and “4C No GPU”);
- **Ex. 304** (AMD-004-000651079-086) at 086, Excel TAB “LN Sort Yields” (September 18, 2011 email from Paul Bull to Doug Yacek showing a history and forecast of Llano’s sort yield. Both four core no-GPU and two core no-GPU were variants included in the calculation of Llano1 and Llano2 sort yields);
- *See also Ex. 241* (T. Seifert Resp. to Interrog.) at 18-19 (T. Seifert stating that AMD’s higher-than-forecasted gross margin *“resulted from selling a higher-than-anticipated amount of high-margin 32nm Llano product in the Greater China region,” particularly Llano No-GPU products* which “were produced from the same wafers that produced all other Llano products” and AMD “allocate[ed] [the] wafer cost among the various microprocessors produced from a given wafer[]”).

129. Llano NPU, no-GPU, or NGPU products were fabricated on the same silicon wafer, using the same 32-nanometer process, as all other Llano products.

- **Ex. 188** (AMD-003-000262366) (AMD email between finance employees, listing “No GPU” Llano as good die: “PG Finance is in the process of evaluating the re-

	<p>distribution of the wafer cost on <i>ALL Llano good die (4c/2c/No GPU)</i> which change the LN cost per unit forecast dramatically if executed.”);</p> <ul style="list-style-type: none"> • <u>Ex. 189</u> (AMD-001-000000207) (Wafer Supply Agreement Amendment No. 2, providing that in 2012, AMD paid for 32-nanometer products by the wafer); • <u>Ex. 152</u> (L. Su Depo. Tr.) at 26:20-27:2 (“So, again, from a basic Llano product, we could form many variants. You know, <i>there was natural down-coring, which would mean when a product yields -- it will yield -- either all four cores will be working or all four cores, plus the GPU will be working, or the GPU won't be working</i>, and that would be, you know, just a natural yield process so we would form different products.”). 	
<p><u>Alleged Statement No. 41</u> 4/19/2012 1Q 2012 Earnings Call Dep Ex 373 at 11 Speaker: Rory Read <u>Analyst Stacy Rasgon (Sanford C. Bernstein & Company, Inc.)</u> Got it. And so last quarter, you said Llano was up like 80%. What were your 32-nanometer shipments up this quarter in that environment? <u>Thomas Seifert</u> We are not going to comment, but it was up significantly. We are going to -- (multiple speakers) stopping giving concrete guidance here. I think. It's important for you to understand that the progress is significant and we are not any longer supply limited on that note.</p>	<p>The phrases “not going to comment” and “up significantly” are non-actionable puffery.</p> <p>Undisputed Material Facts</p> <p>130. AMD’s 1Q12 revenue totaled \$1.59 billion, a 6% decrease over 4Q11, with microprocessor sales down 8%.</p> <ul style="list-style-type: none"> • <u>Ex. 183</u> (April 19, 2012 AMD 1Q12 Earnings Call Transcript) (Depo. Ex. 373) at 4 (T. Seifert stating: “Thank you, Rory. <i>Revenue for the first quarter of 2012 was \$1.59 billion, down 6% sequentially</i> driven by a seasonal decline . . .”); • <u>Ex. 379</u> (Whitworth Decl.) at ¶ 38 (summarizing AMD’s sales data, produced in this action as AMD-028-002325474, stating that AMD sold 18.8 million units of microprocessors for \$911 million in revenue in 4Q11, and 18.0 million units of microprocessors for \$838 million in revenue in 1Q12); • <u>Ex. 190</u> (PX_AMD_0054330) at p. 1 (April 23, 2012 Wells Fargo analyst report stating: “[I]t appears <i>AMD’s operations were profitable in the seasonally weakest quarter of the year.</i>”); • <u>Ex. 192</u> (AMD-021-002252368) at p. 1 (April 20, 2012 Cleveland Research report stating that AMD’s “[r]evenues \$1.58B was above consensus of \$1.56B” and its Computing Group is “<i>down 8% Q/Q reflecting roughly seasonal trends.</i>”). <p>131. AMD’s sales of 32-nanometer products, which include Llano, Trinity, and Orochi, increased by about 379,000 units or \$33 million in 1Q12 over 4Q11.</p> <ul style="list-style-type: none"> • <u>Ex. 379</u> (Whitworth Decl.) at ¶ 38 (summarizing AMD’s sales data, produced in this action as AMD-028-002325474, stating that AMD sold 5.7 million units of Llano in 4Q11, 5.1 million units of Llano in 1Q12, 9,000 units of Trinity in 4Q11, 	

	<p>and 729,000 units of Trinity in 1Q12; 365,000 units of Orochi in 4Q11, and 601,000 units of Orochi in 1Q12);</p> <ul style="list-style-type: none"> • <i>Id.</i> (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold \$363 million of Llano in 4Q11, \$320 million of Llano in 1Q12, \$122,000 of Trinity in 4Q11, and \$51.5 million of Trinity in 1Q12; \$48 million of Orochi in 4Q11, and \$72 million of Orochi in 1Q12). 	
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Alleged False or Misleading Statements: Ex. 351 (AMD 1Q12 Form 10-Q Dated May 9, 2012)

Alleged False or Misleading Statement	Undisputed Material Facts	Plaintiffs' Responses
<p>Alleged Statement No. 42 5/9/2012 2012 1Q Form 10-Q 2012-05-09 AMD SEC Form Q at 25 Speaker: AMD</p> <p>Gross margin as a percentage of net revenue was 2% in the first quarter of 2012 compared to 46% in the fourth quarter of 2011. Absent the effect of the charge in the first quarter of 2012 referenced above, which we believe is not indicative of our ongoing operating performance, our gross margin in the first quarter of 2012 would have been 46%, or flat compared to the fourth quarter of 2011. Gross margin in the first quarter of 2012 benefited from the higher than anticipated demand for certain 32nm Llano products, particularly in emerging markets. However, this was offset by seasonally-driven decline in net revenue received in connection with the sale and development of game console systems that incorporate our graphics technology.</p>	<p>The phrase “higher than anticipated demand” is non-actionable puffery.</p> <p>Undisputed Material Facts</p> <p>UF 14-20 and sources cited <i>supra</i> Alleged Statement No. 7 (regarding dollar- and percentage-based measures of gross-margin accretion and AMD gross margins and projections as of the beginning of 2Q11).</p> <p>UF 31-32 and sources cited <i>supra</i> Alleged Statement No. 13 (regarding the margin-accreteness of AMD's APUs on a product-replacement basis).</p> <p>UF 33-34 and sources cited <i>supra</i> Alleged Statement No. 14 (regarding the contribution of Brazos to the margin-accreteness of AMD's APUs as of 2Q11).</p> <p>UF 38-39 and sources cited <i>supra</i> Alleged Statement No. 16 (regarding the margin-accreteness of AMD's APUs on a product-replacement basis).</p> <p>UF 49 and sources cited <i>supra</i> Alleged Statement No. 21 (regarding the margin-accreteness of AMD's APUs on a product-replacement basis).</p> <p>UF 93 and sources cited <i>supra</i> Alleged Statement No. 28 (regarding the margin-accreteness of AMD's APUs on a product-replacement basis).</p> <p>UF 126 and sources cited <i>supra</i> Alleged Statement No. 40 (explaining that AMD's 1Q12 gross margin percentage was 1% higher than expected due to higher-than-anticipated sales of Llano No-GPU products, particularly in Greater China).</p>	

Alleged Corrective Disclosures No. 2: Ex. 331 (July 9, 2012, AMD 2Q12 Earnings Pre-Announcement)

Undisputed Material Facts Pertaining to Causation	Plaintiffs' Responses
Undisputed Material Facts	

132. **In December 2011 and January 2012, AMD developed a 2012 Annual Operating Plan projecting 2Q12 revenue of \$1.65 billion.**
- Ex. 193 (AMD-003-000260599-604) at 604 slide 22 (April 12, 2012 AMD email attaching slide deck titled “Sales Presentation for Q1’2012 Earnings Call” showing “Q-212 – AOP” figure of “[\$1,653 [million] . . . 4.2% vs. Q1 Act”);
 - Ex. 194 (AMD-003-000421577) at 577-578 (December 21 and 23, 2011 AMD emails to T. Siefert, R. Read, and L. Su stating: “*Attached please find the 2012 AOP revenue by quarter . . .* Harmonization is mostly all GREEN. Beyond the finalization of the WSA the only YELLOW [still finalizing with intention to close] as the Discrete & Professional Graphics teams work through the Features and Software schedules. *This should be finalized at the roadmap meeting on 1/19.*”).
133. **As of the beginning of April 2012, leading industry analyst International Data Corporation was projecting that PC shipments would increase approximately 6% in 2Q12 and 15% in 3Q12.**
- Ex. 195 (AMD-017-001987199) at Ex. E, slide 3 (February 2012 Board presentation explaining: “With estimates for 2011 client PC unit shipments growth improving slightly to 1.6%, *the IDC forecast for 2012 client PC unit shipments growth remains at 5.4%.*”);
 - Ex. 196 (AMD-013-001645142-143) at 143 slide 6 (July 2, 2012 AMD email attaching slide deck titled “Q2 Overview” noting that IDC’s March 2012 forecast projected **2Q12 quarter-over-quarter growth of 5.8%**);
 - Ex. 197 (AMD-016-001824215-217) at 217 and 218 (April 15, 2012 AMD email attaching April 12, 2012 Wells Fargo analyst report stating: “*There have been several data points relevant to the PC market this week, which we find encouraging. We remain very hopeful* that PC builds will continue to pick up in the June quarter, driving demand for chips used in computers.”);
 - Ex. 134 (AMD-003-000481377) at slide 3 (June 21, 2012 AMD email to L. Su attaching among other things slide deck titled “M0 Sales Outlook – AET Review” indicating that **on March 2012, IDC predicted a 5.8% growth in the PC market in 2Q12 and a 15.1% growth in 3Q12.**);
 - See also Ex. 61 (December 20, 2016 Expert Report of R. Kapoor) at ¶ 141 & Figure 34 (showing a March 20, 2012 increase in the “IDC PC Market Forecast”).
134. **In mid-April 2012, AMD developed a revised forecast as part of its monthly operating forecasting process (its 2Q12 “M1 MOF”) projecting total revenues of \$1.68 billion, including \$253 million Llano sales (comprising \$117 million in Llano sales to channel customers and \$136 million in Llano sales to OEMs).**
- Ex. 305 (AMD-003-000457124-125) at 125 slide 2 (April 20, 2012 AMD email attaching “Q212 M1 Summary Report” forecasting **\$1.68 billion in total 2Q12 sales**);
 - Ex. 379 (Whitworth Decl.) at ¶ 36 (summarizing AMD’s operating forecasts, including its monthly operating forecast for 2Q12, produced in this action at AMD-003-000457125, **forecasting \$117 million of Llano sales to channel customers, and \$136 million of Llano sales to OEM customers**);
 - Ex. 152 (L. Su. Depo Tr.) at 46:23-48:1 (testifying that AMD had a “MOF process,” where “*the teams would load what they believed the demand would be . . . by customer, by region, for a given quarter or a given number of quarters.* But it was the most accurate in the current quarter or quarter plus one,” and the MOF “memorialize[d] . . . what we believe the demand is for the business, across the business,” which would be “*updated roughly . . . once a month*”).
 - See also Ex. 61 (December 20, 2016 Expert Report of R. Kapoor) at Figure 39;

135. AMD guided below its M1 MOF in 2Q12, to revenue of about \$1.59 billion to \$1.69 billion (with a midpoint of \$1.64 billion), an increase of 3% over 1Q12, plus or minus 3%.
- Ex. 170 (AMD 1Q11 Form 8-K and Exhibits dated April 19, 2012) (Depo. Ex. 352) at Ex. 99.2 (CFO Commentary) p. 4 (disclosing that “*AMD expects revenue to increase 3% sequentially, +/- 3%.*”);
 - Ex. 193 (AMD-003-000260559604) at 604 slide 22 (AMD slide deck titled “Sales Presentation for Q1’12 Earnings Call” stating: “Q2’12 AOP is set at \$1,653, 2.5% above Q1.12 target, (\$1,612 M) which mirrors AMD seasonality. Q1’12 actual result and current market conditions, and linearity impact from Q1’12, suggest a more prudent revenue guidance than AoP (depending of Intel final guidance). In alignment with the BUs we recommended Q2’12 revenue guidance at \$1,620M, +/- 2% or \$64M (\$1,588M - \$1,652M).”);
136. As late as mid-June 2012, AMD believed that it would meet its 2Q12 guidance.
- Ex. 199 (AMD-003-000282395) (April 2, 2012 email amongst the sales staff in the Greater China Region, noting that the team was “in sync” with its 2Q12 revenue target of \$319 million)
 - Ex. 200 (AMD-003-000282465) at 466 (April 4, 2012 AMD email stating: “Q2 Outlook[:] *Committed to meet/exceed AOP of \$1,656M*, driving to \$1,675M”);
 - Ex. 201 (AMD-003-000260657) (April 12, 2012 email from John Byrne, SVP in sales, to sales team, noting, “[w]ith the latest IDC data showing the market didn’t decline as much as expected in Q1 and being bullish for Q2, *I firmly believe that we must hit the Q2 target (\$1.653Bn) at LEAST just to maintain share*. . . . We have supply, we have a market ripe for our products, we have a great team...let’s go win.”);
 - Ex. 202 (AMD-016-001824040) (April 12, 2012 email from John Byrne, SVP in sales, to AMD finance team stating: “[W]e and more importantly *the market is expecting us to grow in Q2*. When the pressure is on, this is when champions come to the fore^⑩);
 - Ex. 203 (AMD-003-000190208) (April 15, 2012 email from John Byrne, SVP in sales, to AMD SVP of Global Operations J. Docherty and L. Su stating: “We’ve spent the past few days working on what will be sold to drive the AOP (\$1653), then a build to Guidance (\$1685) and then a ‘**beat Guidance**’ strategy (\$1705). . . . What is clear is that AOP needs to be the ‘minimum’”);
 - Ex. 197 (AMD-016-001824212-213-214-215-217) at 214 (April 15, 2012 email from John Byrne, SVP in sales, to Rory Read, Thomas Seifert, Lisa Su, and others, stating, “[s]ales [c]ommit of \$1.653Bn but driving the team to Guidance of \$1.675Bn,” and attaching email to sales team, noting, “[w]ith the latest IDC data showing a more buoyant market than previously expected, it’s clear we must beat AOP (\$1.542Bn) just to hold market share. . . . [W]e should be shooting for the \$1.675Bn Guidance call. . . . We can do this team but must be aggressive in taking share.”); *Id.* at 212 (May 13, 2012 email from John Byrne, SVP in sales, to Rory Read, Thomas Seifert, Lisa Su, and others, stating, “[s]ales [c]ommit remains at \$1.653Bn (AOP) although the actual sales forecast increased \$22M w/w to \$1663M,” and noting potential additional upside from certain customers and in certain regions);
 - Ex. 204 (AMD-021-002320049) (June 3, 2012 email from AMD sales SVP John Byrne, to T. Seifert, R. Read, L. Su, and others stating: “[W]e continue to be in the range of \$1650-1670. . . . While there is risk, understood... we need and will just to get it done.”);
 - Ex. 205 (AMD-013-001645155-156) at 205 Excel TAB “Q212 Base+Upside Forecasts” (July 9, 2012 AMD email attaching spreadsheet file-named “Q212 revenue call by week 070812 jcam.xlsx” showing “*June 5th AET*” forecast of \$1,652 million);

- **Ex. 204** (AMD-003-000099320-321) (June 7, 2012 AMD email attaching “WW22 A-series crawl charts” slide deck and stating: “The weekly sales numbers are softer than WW21 as described in the comments . . . We continue to monitor all activities in our bi-weekly regional calls and ***the regional teams are expecting June to pick up as a result of both seasonality and the sustained marketing efforts.***.”);
 - **Ex. 207** (AMD-016-001825021) at slide 2 (AMD slide deck titled “Sales Update AET – June 2012” stating: “***Driving to the M2 of \$1665M . . . Likely in the range of \$1650M to \$1670M***”);
 - **Ex. 208** (AMD-011-001603110) (June 11, 2012 email from R. Read to AMD board member B. Claflin stating: “the market is soft and May was not particularly strong especially in China . . . Rev we will likely be short to AOP -13 to -33m\$ and -15 to +5 to current expectation- well within the guidance range. Margin and expense in the ballpark.”);
 - **Ex. 359** (AMD-011-001603120) at p. 2 (June 2012 CEO/CFO Report to AMD Board of Directors, noting that ***despite “significant softness in May and early June,” AMD’s forecast was “still within the guidance”***);
 - **Ex. 205** (AMD-013-001645155-156) at 156, TAB “Q212 Base+Upside Forecasts” (July 9, 2012 AMD email attaching spreadsheet file-named “Q212 revenue call by week 070812 jcam.xlsx” showing ***mid-June (ww23 and ww24) forecasts of \$1.648 billion and \$1.610 billion***);
 - **Ex. 209** (AMD-016-001725809-810) (June 13, 2012 email from AMD sales SVP J. Byrne to T. Seifert, L. Su, R. Read, and others, noting that AMD was “seeing considerable softness in the global market and the June rebound the market was hoping for doesn’t seem to be coming to fruition. . . ***Obviously we’re not letting up and not giving anyone relief.***”).
137. **On June 18, 2012, AMD’s sales team revised its 2Q12 forecast, projecting 2Q12 revenue of \$1.569 billion, which was the first such forecast below the \$1.585 billion low end of its 2Q12 guidance range.**
- **Ex. 205** (AMD-013-001645155-156) at 156, TAB “Q212 Base+Upside Forecasts” (July 9, 2012 AMD email attaching spreadsheet file-named “Q212 revenue call by week 070812 jcam.xlsx” showing a ***June 18, 2012 revenue forecast of \$1.569 billion***);
 - **Ex. 358** (AMD-001-001602093) (June 25, 2012 email from R. Read to L. Su, T. Seifert, and others stating: “We must be seeing a major slowdown in sell thru cause by weak sales out to final customers. ***This suggests the sell thru slowdown is accelerating in a significant way. Why? . . . please provide more information here***- I would have expected the woi to start building in 4Q to 1Q surge of llano- so don’t understand this yet.”);
 - **Ex. 210** (AMD-011-001597460-467-468-469-470) (July 7, 2012 email from D. Grasby to L Su and others attaching “various spreadsheets” and stating: “As you can see looking at the Column G ***on Tuesday 26th June the regions were still calling 569m which became 530m by Thursday June 28th which ended at 513m close yesterday.***”);
 - **Ex. 205** (AMD-013-001645155-156) at 156, TAB “Q212 Base+Upside Forecasts[,]” columns AD and AE (July 9, 2012 AMD email attaching spreadsheet file-named “Q212 revenue call by week 070812 jcam.xlsx” comparing AMD’s “Final vs. June 5th” forecasts and showing late-quarter shortfalls of [REDACTED] 31 million for the Americas, \$9 million for Asia Pacific, \$31 million for Europe, the Middle East, and Africa, and \$5 million for Greater China);
 - **Ex. 211** (AMD-002-000011457) at p. 7 (AMD 2Q12 Business Unit Review noting [REDACTED]

- See also Ex. 61 (December 20, 2016 Expert Report of R. Kapoor) at ¶¶ 135-136 & Figs. 23-26 (demonstrating that AMD's sales were "back-end loaded," whereby a *substantial portion of AMD's sales occurred during the last weeks of the quarter*);
 - See also Ex. 152 (L. Su Depo. Tr.) at 129:20-21 (testifying that it was "*not unusual for [AMD's] quarters to be back-end loaded*").
138. AMD's 2Q12 revenues were about \$1.41 billion, about \$270 million less than its 2Q12 M1 MOF forecast, and about \$159 million less than its June 18, 2012 forecast.
- Ex. 212 (AMD 2Q12 Form 8-K and Exhibits dated July 19, 2012) at Ex. 99.1 (Earnings release) p. 1 (stating that "*AMD revenue \$1.41 billion, 11 percent sequential decrease and a 10 percent decrease year-over-year*");
 - Ex. 305 (AMD-003-000457124-125) at 125 slide 2 (April 20, 2012 AMD email attaching "*Q212 M1 Summary Report*" forecasting \$1.68 billion in total 2Q12 sales);
 - Ex. 205 (AMD-013-001645155-156) at 205 TAB "Q212 Base+Upside Forecasts" (July 9, 2012 AMD email attaching spreadsheet file-named "Q212 revenue call by week 070812 jcam.xlsx" showing a *June 18, 2012 revenue forecast of \$1.569 billion*);
139. AMD's 2Q12 sales to OEM customers fell short of its 2Q12 M1 MOF forecast by \$75 million, accounting for 34% of the forecast shortfall, and 2Q12 sales to channel customers fell short of the 2Q12 M1 MOF forecast by \$143 million.
- Ex. 379 (Whitworth Decl.) at ¶ 39 (summarizing AMD's operating forecasts, including its monthly operating forecast for 2Q12, produced in this action as AMD-003-000457125, which forecasted total 2Q12 microprocessor sales of \$926 million);
 - Id. at ¶¶ 36, 39 (summarizing AMD's operating forecasts, including its monthly operating forecast for 2Q12, produced in this action as AMD-003-000457125, which forecasted 2Q12 OEM microprocessor sales of \$534 million, including \$136 million of Llano products and \$397 million of non-Llano products);
 - Id. at ¶¶ 35, 36, 42 (summarizing AMD's operating forecasts, including its monthly operating forecast for 2Q12, produced in this action as AMD-003-000457125, which forecasted 2Q12 channel microprocessor sales of \$393 million, including \$117 million of Llano products, and \$276 million of non-Llano products).
 - Id. at ¶ 39 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold \$708 million of microprocessor products in 2Q12);
 - Id. at ¶ 39 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold \$459 million of microprocessor products to OEM customers in 2Q12, including \$112 million of Llano products, and \$347 million of non-Llano products);
 - Id. at ¶¶ 40, 42 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold \$249 million of microprocessor products to channel customers in 2Q12, including \$76 million of Llano products, and \$172 million of non-Llano products);
 - See also Ex. 61 (December 20, 2016 Expert Report of R. Kapoor) at Figure 39 (summarizing AMD's sales and forecasting data);
 - Ex. 211 (AMD-002-000011457) at pp. 7-8 (2Q12 Business Unit Review stating: "Unit [notebook] shipments totaled 8.4Mu declining versus the prior quarter units of 8.9Mu in Q112, *driven primarily by late-quarter* [REDACTED] . . . Overall market conditions in Q212 were much softer than anticipated and we expect IDC and Mercury to revise their TAM estimates for the year.").

140. AMD's 2Q12 sales of Llano products totaled 75% of AMD's 2Q12 M1 MOF forecast, while its 2Q sales of non-Llano products totaled 77% of the 2Q12 M1 MOF forecast.

- Ex. 379 (Whitworth Decl.) at ¶ 41 (summarizing AMD's operating forecasts, including its monthly operating forecast for 2Q12, produced in this action as AMD-003-000457125, which forecasted total 2Q12 Llano sales of \$253 million);
- Id. at ¶ 41 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold \$189 million of Llano products in 2Q12);
- Id. at ¶ 43 (summarizing AMD's operating forecasts, including its monthly operating forecasts for 2Q12, produced in this action as AMD-003-000457125 and AMD-003-000460384, stating that AMD expected to sell approximately 4.4 million units of Llano during 2Q12 as of April 19, 2012, and revised its expectation to 4.1 million units in 2Q12 as of June 10, 2012);
- Id. at ¶ 44 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold 3.1 million Llano chips in 2Q12);
- Id. at ¶ 41 (summarizing AMD's operating forecasts, including its monthly operating forecast for 2Q12, produced in this action as AMD-003-000457125, which forecasted total 2Q12 non-Llano sales of \$673 million);
- Id. at ¶ 41 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold \$519 million of non-Llano products in 2Q12);
- *See also* Ex. 61 (December 20, 2016 Expert Report of R. Kapoor) at Figure 39 (summarizing AMD's sales and forecasting data).

141. AMD's 2Q12 sales to Llano to channel customers totaled 65% of AMD's 2Q12 M1 MOF forecast, while sales of non-Llano products to channel customers totaled 62% of AMD's 2Q12 M1 MOF forecast.

- Ex. 379 (Whitworth Decl.) at ¶¶ 35, 36, 42 (summarizing AMD's operating forecasts, including its monthly operating forecast for 2Q12, produced in this action as AMD-003-000457125, which forecasted 2Q12 channel microprocessor sales of \$393 million, including \$117 million of Llano products, and \$276 million of non-Llano products);
- Id. at ¶¶ 40, 42 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold \$249 million of microprocessor products to channel customers in 2Q12, including \$76 million of Llano products, and \$172 million of non-Llano products);
- *See also* Ex. 61 (December 20, 2016 Expert Report of R. Kapoor) at Figure 39 (summarizing AMD's sales and forecasting data).

142. During 2Q12, the PC market contracted by 3.5% quarter-over-quarter.

- Ex. 61 (December 20, 2016 Expert Report of R. Kapoor) at ¶ 139 & Figure 32 (summarizing IDC data showing a 3.5% decline the PC market in 2Q12 over 1Q12);
- Ex. 213 (AMD Form 10-K dated February 24, 2012) at p. 88 (summarizing AMD's "sales to external customers by country[.]" including significant sales to customers in the Greater China and Europe regions);
- Ex. 196 (AMD-013-001645142) at slide 6 (July 2, 2012 email attaching a quarter end business overview, which noted that in June 2012, IDC revised its 2Q12 forecast, anticipating that the PC market would contract 0.3%);

- *See also Ex. 61* (December 20, 2016 Expert Report of R. Kapoor) at Figure 21 (showing declines in shipments to Europe in 2Q12 and steady shipments to Greater China in 2Q12 following seven years of growth).
143. During AMD's 2Q12, many of AMD's largest customers saw their revenue and income decline as compared to the same period one year prior.
- **Ex. 214** (HP August 22, 2012 Earnings Call Tr.) at p. 7 (disclosing that **HP's PC revenue was down 10% year-over-year**, and attributing the decline to "**weakness in overall consumer demand**" that occurred "predominantly in Europe and Asia," as well as "geographic softness across Asia Pacific and the Americas");
 - **Ex. 215** (HP August 22, 2012 Press Release) at Ex. 99.1 p. 1 (HP disclosing that its **net income was down 568% year-over-year**);
 - **Ex. 216** (HP Form 10-K for year ended Oct. 31, 2012) at p. 16 (disclosing that it was "facing dynamic market trends," including "a series of **significant macroeconomic challenges, including broad-based weakness in consumer spending**, weak demand in the SMB and enterprise sectors in Europe, and declining growth in some emerging markets, particularly China.");
 - **Ex. 218** (Dell August 21, 2012 Form 8-K) at Ex. 99.1 p. 1 (disclosing that Dell's **year-over-year revenue decreased 8%**, explaining that "[g]rowth in [its] PC business was challenging, as [it] saw a **tough macroeconomic and competitive environment**");
 - **Ex. 219** (Dell August 21, 2012 Earnings Tr.) at p. 6 (Dell disclosing that its **desktop and notebook business was down 14%**, on "**particular softness [and] pricing pressure in key emerging markets**, like India and China, as well as Western Europe");
 - **Ex. 220** (Acer May 7, 2012 Annual Report) at p. 6 (Acer disclosing that its fiscal **2012 results declined 10% year-over-year**, noting the "**sluggish European and US economies**," and that the industry "experienced a **profound paradigm shift** making "**market sell-through [] harder to forecast**");
 - **Ex. 221** (Avnet August 8, 2012 Earnings Release) at Ex. 99.1 p. 2 (Avnet reporting **year-over-year sales declines of 8.8%**, which was "**below [its] original expectations . . . as customers grew more cautious** towards the end of the quarter");
 - **Ex. 222** (Avnet October 11, 2012 Earnings Release) at Ex. 99.1 p. 1 (similar);
 - **Ex. 213** (AMD Form 10-K filed Feb. 24, 2012) at p. 88 (summarizing AMD's "sales to external customers by country");
 - *See also Ex. 61* (December 20, 2016 Expert Report of R. Kapoor) at Figure 3 (detailing AMD's largest customers).
144. [REDACTED]
- **Ex. 379** (Whitworth Decl.) at ¶ 46 (summarizing AMD's operating forecasts, including its 2Q12 M1 MOF, produced in this action as AMD-003-000457125, which forecasted 2Q12 microprocessor sales [REDACTED])
 - *Id.* at ¶ 46 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold [REDACTED])
145. Market observers recognized that AMD's business was negatively impacted in 2Q12 by macroeconomic weakness, competitive moves by Intel, and increasing consumer adoption of tablets and other personal mobile devices.
- **Ex. 306** (AMD-021-002261467) at p.1 (June 21, 2012 Longbow analyst report stating: "Contacts are reporting that 2Q notebook builds will come in at the low end of prior expectations . . . Contacts still expect notebook builds to be up more strongly in 3Q (up 10-15% Q/Q, same as prior) but we are sensing greater uncertainty in that view. [In] Emerging Markets[:] **Contacts are reporting that**

emerging market growth, specifically from China, is slowing, and is contributing to the slower 2Q builds. . . . While we are seeing mid-year weakness in notebook shipments, we do expect a second-half pickup”);

- **Ex. 307** (AMD-021-002258170) at p.1 (June 24, 2012 Goldman analyst report, noting, “There is low visibility on PC demand, with macro and Windows 8 as key swing factors. *Our meetings suggest that PC demand trends turned weaker earlier in the quarter and trends don’t appear to be rebounding.*”);
- **Ex. 223** (AMD-021-002259404) at p. 1 (June 25, 2012 Jefferies analyst report stating: “*We think macro concerns are translating to a slower than expected rebound* for semis and we lower our EPS estimate by 5%-10% for most of our coverage universe.”);
- **Ex. 224** (AMD-021-002252050) at p. 23 (June 27, 2012 Citi analyst report stating: “[*O*]ur impression is that the weakening PC environment, combined with Intel product launches in the latter half of the quarter, likely impacted AMD’s June. . . . [W]e see risk to AMD’s 2Q12 results to as much as 3%-5% decline vs. guidance of 3% growth.”);
- **Ex. 308** (AMD-021-002264257) at p. 1 (June 27, 2012 Nomura analyst report noting AMD’s “recent traction in Samsung’s premium notebooks is significant in that it’s the first time the company has been designed into the \$699+ price band,” but that the “*win will not offset weak PC demand*”);
- **Ex. 309** (AMD-021-002248843) at p. 2 (July 2, 2012 Bernstein analyst report regarding AMD execution, explaining that Intel had a “near flawless record in beating and raising guidance,” which it missed in 2Q12 and 3Q12);
- **Ex. 225** (AMD-021-002248814) at 814 (July 9, 2012 Bernstein analyst report stating: “It is perhaps not surprising that AMD’s quarter is light (although a 14% swing on the top line seems us somewhat extreme); *many players within the PC supply chain (OEMs, ODMs, HDDs, etc) have all indicated what appears to be a softening environment. However, it is apparent that AMD’s Q2 trajectory must have fallen off a cliff near the end (note that the company noted weakness developing ‘late in the quarter.’* This is, for example, consistent with recent reports from at least one industry player in hard drives[.]);
- **Ex. 226** (AMD-021-002281131) at p. 2 (July 9, 2012 Williams analyst report stating: “*Throughout the June quarter, we have seen the chorus of negative PC data points steadily grow.* These data points have included negative revisions from many manufacturing supply chain partners in Taiwan and China, particularly ODMs and motherboard suppliers. This caution has been echoed by most of the industry’s largest OEMs and we have been getting corroborating evidence from the hard drive makers and some of their critical semiconductor suppliers. *All this adds up to a PC market that we expect will grow at best 2% this year*, with the next few months being hypercritical.”);
- **Ex. 227** (AMD-021-002259622) at p. 1 (July 9, 2012 Jefferies analyst report: “We estimate that AMD ships over 50% of its 2Q12 revenues during the last month of the quarter, and macro uncertainties negatively impacted business during the tail end of the quarter.”);
- **Ex. 310** (AMD-021-002252720) at p. 1 (July 9, 2012 CSLA analyst report noting that AMD’s pre-announcement was “not a total surprise, but the magnitude is much worse than we would have anticipated”);
- **Ex. 228** (AMD-021-002247025) at p. 1 (July 10, 2012 Barclays analyst report stating: “While we believe a cut was clearly in order, the magnitude of the cut came as a surprise (\$225M shortfall vs. our/consensus ests coming in implies 4M less MPU’s) and we think *this speaks to AMD’s more consumer-dominated model* and contraction in supply chain given current macro uncertainty. We model overall MPU market to grow +0.4% in CY12 . . . vs. our previous +5.1% for 2012 [.]”and +5.9% for CY13”);

<ul style="list-style-type: none"> • Ex. 311 (AMD-021-002247036) at p. 1 (July 11, 2012 Barclays analyst report stating, “Post close, Gartner and IDC released preliminary 2Q12 PC shipment data that came in sharply lower than expectations. Data suggests PC units were essentially flat on a Y/Y basis and down 2% on a Q/Q basis . . .”); • Ex. 229 (AMD-021-002258192) at p. 1 (July 10, 2012 Goldman Sachs analyst report stating: “The fact that AMD missed its guidance is not surprising to us given several weak PC sales datapoints. We had written about the potential for Intel and AMD to miss 2Q guidance and formally lowered our estimates for both companies to the low-end of guidance in our quarterly preview on July 1.”); • Ex. 230 (AMD-016-001946126) at p. 2 (July 16, 2012 Bernstein analyst report stating that AMD’s Q2’2012 earning “miss was driven in large part by Intel behavior (essentially heavy discounting of lower end Core chips late in the quarter); • Ex. 312 (AMD-021-002272808) at pp. 3-4 (July 23, 2012 ThinkEquity analyst report stating: “7/19 IDC Forecasts Worldwide Semiconductor Revenues Will Grow . . . Despite the ongoing global macroeconomic uncertainties, such as the Eurozone crisis, lower global GDP growth, and economic slowing in the BRIC countries”); • Ex. 313 (AMD-021-002255505) at p. 1 (July 25, 2012 Evercore analyst report noting Intel took market share from AMD in 2Q12); • Ex. 231 (AMD-021-002274762) at p. 1 (September 4, 2012 UBS analyst report stating: “We lower our AMD out-year estimates . . . for 5 key reasons: 1) Shrinking PC client serviceable market based on the growth of tablets and ultrabooks . . . 2) Diminished Intel price umbrella as the macro weighs on industry growth and pricing power, 3) Intel Haswell raises the bar in low power and graphics, 4) Server processor competition from Intel, 5) Much improved tablet processors from Intel. . . [W]e . . . expect Intel ASPs to trend more flattish, especially as Intel seeks to selectively retake market share through more aggressive pricing. Given the degree of the impact in 2Q12 to AMD (which lowered sales guidance by 14%) when Intel selectively lowered pricing of Sandy Bridge SKUs as it ramped Ivy Bridge to fill the mainstream segment, we believe AMD’s ability to raise ASPs has been greatly diminished.”); • Ex. 314 (AMD-021-002271402) at p. 1 (July 5, 2012 Sterne Agee analyst report noting that “AMD is executing well,” but “the slowing PC market limits the upside. . . . Our checks with PC ODMs are showing JunQ has trended modestly lighter. . . . We have SepQ/DecQ modeled in line with consensus up 7%/5% q/q . . . But we believe the Win8 transition, ultrabook ramps, macro and tablet mix changes could drive some uncertainty and limit upside.””); • Ex. 315 (AMD-021-002260363) at p. 1 (J.P. Morgan analyst report stating: “Macro issues [were] weighing on CPU demand”). <p>146. AMD’s relatively high exposure to the lower-end consumer market and relatively high concentration in Greater China made it more vulnerable than Intel to macroeconomic changes and shift in end-user demand from PCs to handheld devices.</p> <ul style="list-style-type: none"> • Ex. 228 (AMD-021-002247025) at p. 1 (July 10, 2012 Barclays analyst report stating: “While we believe a cut was clearly in order, the magnitude of the cut came as a surprise (\$225M shortfall vs. our/consensus ests coming in implies 4M less MPU’s) and we think this speaks to AMD’s more consumer-dominated model and contraction in supply chain given current macro uncertainty. We model overall MPU market to grow +0.4% in CY12 . . . vs. our previous +5.1% for 2012 [.]”and +5.9% for CY13”); • Ex. 232 (AMD-016-001885488) at p. 6 (March 29, 2011 Gartner research report titled “Notebook PCs: Technology Overview” stating: “Although AMD processors are gaining some traction in corporate notebooks, its largest mobile presence is in the consumer, home-office and small business markets. . . .”; “Most notebooks aimed at the corporate market are based on Intel processors.”); 	
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- **Ex. 233** (AMD-021-002280020) at p. 1 (July 12, 2012 Wells Fargo analyst report stating: “While AMD’s weakness is doubtless in part a symptom of softness in end market PC demand, *we suspect that AMD’s relatively weak lineup in microprocessors and its positioning primarily in the consumer and low end space resulted AMD losing market share to Intel* in the quarter.”);
- **Ex. 234** (AMD-021-002263347) at p. 5 (July 20, 2012 Morningstar analyst report stating: “*Intel appears to be holding up better than AMD* in the current uncertain macroeconomic environment, *which we attribute to Intel’s greater exposure to the server processor market segment and to enterprises*, which are areas that seem to be healthier.”);
- **Ex. 235** (AMD- 021-002270626 at p. 1 (July 22, 2011 Raymond James analyst report stating: “*In enterprise PC or server centric workloads, Intel has the advantage*. But in certain segments of the consumer PC space, AMD has the advantage.”);
- **Ex. 236** (AMD-021-002250930) at p. 1 (July 22, 2011 Bank of America analyst report stating: “*AMD’s higher ~60% exposure to consumer end-markets that are more at risk* of macro and tablet cannibalization”);
- **Ex. 237** (AMD-021-002253039) at p. 2 (October 11, 2012 Credit Suisse analyst report stating: “INTC has a clear advantage in the high-end (as well as low-end) of the PC market, and *the ARM camp will likely gain share at the expense of AMD at the lower-end of the stack* (whether it be via tablet cannibalization or low-end PCs.”));
- **Ex. 238** (AMD-021-002259992) at p. 5 (October 19, 2012 J.P. Morgan analyst report stating: “*AMD derives roughly 75% of its revenue from the consumer PC end market*, which is highly correlated with macroeconomic conditions.”);
- **Ex. 239** (AMD 2012 Form 10-K filed on February 21, 2013) at p. 102 (table summarizing “sales to external customers by country,” showing over 50% of AMD’s sales were to the Greater China region); *Id.* at p. 48 (AMD’s Computing Solutions segment (which produced microprocessors and related products for PCs) represented 76% and 74% of AMD’s revenues in 2011 and 2012, respectively);
- **Ex. 373** (Intel 2012 Form 10-K dated February 19, 2013) at p. 94 (table summarizing “[n]et revenue by country,” disclosing that 31% of sales in 2011 and 2012 were to the Greater China region, including Taiwan); *Id.* at 4, 6 (Intel’s PC Client Group, which offered products incorporated in notebook and desktop computers made up 64 and 63 percent of revenues in 2011 and 2012, respectively);
- *See also Ex. 61* (December 20, 2016 Expert Report of R. Kapoor) at Appendix C (discussing “the reasons for Intel’s relative resilience as compared to AMD,” including AMD’s exposure to the low-end consumer market,” AMD’s greater “exposure in China,” Intel’s product diversification, and Intel’s higher-end products).

147. Intel’s market-leading position enabled it to take market share from AMD by cutting prices and discounting products.

- **Ex. 243** (AMD-016-001819153) at p. 14 (“Intel . . . dominate the microprocessor segment with 81 . . . percent market share;” “Intel has dominated the market for microprocessors for many years, leveraging its market power and significant financial resources to market its products aggressively, target AMD customers and channel partners with special incentives and discipline customers who do business with AMD.”);
- **Ex. 244** (AMD-021-002245313) at p. 14 (January 6, 2011 Barclays analyst report stating: “Historically, as Intel reduces processor prices, AMD mirrors the price reductions with similar price cuts. *Intel’s price reduction could help drive demand and reduce AMD’s market share.*”);

<ul style="list-style-type: none"> • Ex. 54 (AMD-021-002256652) at 1 (May 21, 2012 FBR analyst report stating: “We note Intel is accelerating its move to 22 nm and 14 nm, has major scale, manufacturing, and cost advantages versus AMD, and could effectively ‘squash’ AMD’s Fusion efforts at will with more aggressive pricing tactics.”) • Ex. 275 (Intel Form 8-K dated July 17, 2012) at Ex. 99.1 (CFO Commentary for 2Q12 stating that for “PC Client Platform” Intel’s “Unit Volumes” were up 3% with “Average Selling Prices” down 2%); • Ex. 247 (AMD-013-001615192) at p. 1 (June 25, 2012 AMD email with Evercore analyst report stating: “[Intel]: Negative checks in (1) elevated disti inventories, (2) higher retail PC inventory, (3) 3Q NB ODM builds of 6% to 8% QoQ vs. typical low-to-mid-10%, (4) planned [Ivy Bridge] price cuts, and (5) weak sell-through for Romley”); • Ex. 248 (AMD-003-000482083-084) at 084 slides 2 and 4 (July 3, 2012 AMD email to L. Su and others attaching slide deck titled “Q2 Overview” stating: “Updated Intel Pentium and Celeron price positioning taking back share [in channel DT] . . . Updated Intel Pentium and Celeron price positioning taking back share [in MNC or OEM NB]”). 	
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Alleged False or Misleading Statements: **Ex. 318** (July 19, 2012 AMD 2Q12 Earnings Conference Call Transcript) (Depo. Ex. 226)

Alleged False or Misleading Statement	Undisputed Material Facts	Plaintiffs' Responses
<p>Alleged Statement No. 43 7/19/2012 2Q 2012 Earnings Call Dep Ex 226 at 8 Speaker: Rory Read Analyst David Wong (Wells Fargo Securities, LLC) Thank you very much. What do you expect to be the ratio of Trinity versus Llano sales in the September quarter? Rory Read Well, we wouldn't get into the specifics in terms of communicating, but clearly we've already launched the Trinity activities with our notebook OEM partners and we'll continue to build that. That doubled sequentially. Llano is an important product throughout the balance of this year and into 2013. It's very relevant to leverage both of those solutions as we move forward, and we'll continue to do that.</p>	<p>The phrase “an important product” is non-actionable puffery.</p> <p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the following precautionary language:</p> <p>Before we begin today, let me remind everyone that our discussion contains forward-looking statements based on the environment as we currently see it. Those statements are based on current beliefs, assumptions and expectations, speak only as of the current date and, as such, involve risks and uncertainties that could cause actual results to differ materially from our current expectations. Please refer to the cautionary statements in our press release for more information. You will also find detailed discussions about our risk factors in our filings with the SEC and, in particular, AMD's quarterly report on Form 10-Q for the quarter ended March 31, 2012.</p> <p>Ex. 318 (July 19, 2012 AMD 2Q12 Earnings Conference Call Transcript) (Depo. Ex. 226) at p. 2.</p> <p>Undisputed Material Facts</p> <p>148. During 2Q12, inventory at both AMD and Intel increased.</p> <ul style="list-style-type: none"> • Ex. 355 (PX_AMD_0055730) at p. 7 (June 8, 2012 Wells Fargo analyst report stating: “Tom's Hardware reported that AMD has supposedly decided to get rid of its Llano stockpile before beginning to ship Trinity desktop parts to retailers”) 	

later in the year (supposedly no earlier than October). According to the article, AMD confirmed that at the moment it is only shipping Trinity chips to major vendors such as Acer, Asus, HP and Lenovo.”);

- Ex. 212 (AMD 2Q12 Form 8-K and Exhibits dated July 19, 2012) at Ex. 99.2 (CFO Commentary) p. 3 (stating that “*[i]nventory was . . . up \$248 million from the prior quarter*”);
- Ex. 247 (AMD-013-001615192) (June 25, 2012 AMD email with Evercore analyst report stating: “[**Intel**]: **Negative checks in** (1) elevated disti inventories, (2) **higher retail PC inventory**, (3) 3Q NB ODM builds of 6% to 8% QoQ vs. typical low- to mid-DD %, (4) planned [Ivy Bridge] price cuts, and (5) weak sell-through for Romley.”);
- Ex. 107 (AMD-011-001603667) at 667-668 (July 18, 2012 AMD email with “Wall Street Notes on Intel and Intel Earnings Call Transcript” stating: “**Intel’s inventory grew 9.2% q/q, raising some concern amongst investors**. On its conference call, Intel noted that the entirety of the increase was due to Ivy Bridge.”)

149. **As of the end of 2Q12, AMD did not know whether the apparent market downturn was a “one quarter anomaly” or a “market or product trend.”**

- Ex. 253 (AMD-002-000010790-791) at 791 slide 7 (August 2, 2012 AMD email attaching cslide file-named “Inventory Analysis 2Q’12v3.pptx” and noting that in 2Q12, “AMD experienced significant drop in MPU revenue during 2-3 weeks of 2Q’12,” and that “[i]t is unknown at this time if the demand that occurred at 2Q end was a one quarter anomaly or is indicative of a market or product trend”);
- Ex. 134 (AMD-003-000481377) at slide 3 (June 21, 2012 AMD email to L. Su attaching among other things slide deck titled “M0 Sales Outlook – AET Review” stating: “**IDC continues to reduce Q2 / Q3’12 TAM forecast every release . . .** 2012 March IDC [showed] 5.8% [growth in 2Q12 and] 2012 **June IDC [shows] - 0.3% [growth in 2Q12.]**”);
- Ex. 249 (R. Read Depo. Tr.) at 320:1-10 (testifying that after 2Q12, AMD was “gathering this data and learning. **In the second quarter we began to see this huge slowdown in the middle part of the quarter. Unprecedented. We didn’t know if it was a blip or not, but through the end of the quarter, we saw this dramatic tail-off in the business.** And that ultimately became basically a four-year impact to the PC industry that’s still going on today.”).

150. **At the end of 2Q12, in accordance with its usual practice, AMD evaluated whether its inventory on-hand, including its Llano inventory, exceeded**

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| | <p>forecasted demand and concluded that its Llano inventory on-hand would be consumed by 2Q13.</p> <ul style="list-style-type: none"> • Ex. 213 (AMD Form 10-K, filed February 24, 2012) at p. 36 (“At each balance sheet date, we evaluate our ending inventories for excess quantities and obsolescence. This evaluation includes analysis of sales levels by product and projections of future demand. These projections assist us in determining the carrying value of our inventory. Generally, inventories on hand in excess of forecasted demand for the next two quarters are not valued. . . . If, in any period, we anticipate future demand or market conditions to be less favorable than our previous estimates, additional inventory write-downs may be required and would be reflected in cost of sales in the period the revision is made. This would have a negative impact on our gross margin in that period. If in any period we are able to sell inventories that were not valued or that had been written off in a previous period, related revenues would be recorded without any offsetting charge to cost of sales, resulting in a net benefit to our gross margin in that period.”); • Ex. 10 (D. Kumar Depo. Tr.) at 272:10-277:9 (“And there is a computation that happens that says, okay, if I have so many units and the demand for the product is in excess of the units, then a hundred percent of the units get valued. But if the demand for the product looking out in time is lower than the number of projected finished units you have, then there's a reserve applied for the excess inventory, and that reserve is booked in the system. And we call it a 'demand reserve' because it's a reserve that comes about because the demand is lower than the units that -- that are on hand.”); • Ex. 60 (AMD-022-002320815) (AMD 2Q12 Inventory Close Package detailing AMD's inventory and demand analysis); • Ex. 250 (AMD-005-000872647) at slide 4 (June 19, 2012 AMD slide deck titled “Llano Inventory and Sales Planning” identifying “\$0” in “Q2 Demand Reserve Exposure” under a “pooling opportunity” and stating: “Pool TN 2C Desktop demand to offset demand reserve exposure . . . Current outlook (M2) is for all Llano inventory to be consumed by Q1/Q2 13”); • Ex. 251 (AMD-007-000893268) (July 8, 2012 email chain between John Byrne, SVP in sales, and others, discussing a “Llano disposition playbook,” noting that AMD would “follow our disposition methodology, which we used to get through large volumes of [other chips],” and that they would “proactively reach out to sales teams to understand what volumes we can move at what prices and prioritize our list from that”); | |
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- Ex. 252 (AMD-007-000893361) at slide 3 (July 11, 2012 email, attaching a “Llano disposition” presentation, which provides a roadmap detailing a “disposition method” to sell Llano, and that AMD would “***complete Llano disposition in Q2’13***”);
- Ex. 253 (AMD-002-000010790-791) at slide 6 (July 16, 2012 draft inventory review presentation, analyzing various Llano demand-versus-supply scenarios, concluding that, “The 2Q’12 management scenarios support the current Llano valuation at 2Q’12 . . . ***If pooled with Trinity, Llano/Trinity demand is sufficient at 26 weeks in one of the 3 scenarios considered (it is within the range of consideration)***. . . . The operating team is considering a plan to sell additional Llano 2C to MNCs [OEMs]”);
- Ex. 254 (AMD-003-000312256) (July 15, 2012 email from N. Reynolds to D. Kumar regarding AMD’s inventory analysis, attaching “the latest inventory analysis,” stating he would “still consider this a draft, but getting much closer”; the attached presentation explains that Llano and Trinity were “in the midst of a transition,” such that “***Llano and Trinity unit demand is pooled and at time of 2Q close demand appeared to be adequate to justify its valuation***,” and that “[i]n addition to demand pooling, alternate demand options exist for Llano and some other products”);
- Ex. 255 (AMD-002-000010519-20) (July 18, 2012 AMD email to L. Su attaching spreadsheet file-named “copy of lisa_revenue2.xls” and stating: “***I prepared a sheet to track our recent 3Q outlook discussions+ our new consume Llano Case Rev/GM% at AMD level***. Let’s discuss when you get a second.”);
- Ex. 256 (AMD-003-000100261) (July 24, 2012 email chain with AMD’s business unit and sales personnel, noting, “Sales, Finance and the BU are aligned, We must track Llano (and TN and BR) throughout the qtr for varying reasons. ***There will be no loss of focus on the Llano sell-in/out and it will be reported weekly in attainment, we will do deeper dives as needed*** throughout the qtr.”);
- Ex. 257 (AMD-002-000002494) (July 24, 2012 email between J. Byrne and others regarding the Llano disposition plan, in which J. Byrne explains that AMD was “***planning Llano disposition in the same way we have successfully dispositioned Brazos, by enabling \$5-10 lower price points (than trinity in the llano case) to use in the cycle business in emerging markets*** and for burst and bid situations in all markets. . . . Instead of turning down the aggressive trinity requests we would enable Llano to hit those points fighting against legacy I3”);

- **Ex. 258** (AMD-003-000313644-645) (August 3, 2012 email in which AMD sales and finance teams discuss the Llano inventory, stating: “[T]he amount of deals in the pipeline is growing and the op’s team was optimistic,” and attaching an inventory timeline regarding the “*eventual disposition of all Llano*”);
 - **Ex. 259** (AMD-008-001119746-749) at 747-748 (August 27, 2012 email from D. Yacek to M. Massetti that “*my roll forward shows llano to be almost 100% consumed by end of q2 (which is the target).*”).
151. **Rory Read directed AMD personnel to sell AMD’s Llano inventory while lowering operating costs to maintain AMD’s profit margin.**
- **Ex. 320** (AMD-002-000008004) at pp 3, 4 (July 12, 2012 AMD slide deck titled “CEO/CFO Report to Board of Directors” noting that AMD is “*building proactive plans this week to reduce expenses by \$100m in 2H2012 . . . reduce FGI inventory by lowering second half wafer starts from TSMC/GF, . . . and hold a profitable net position . . . Given our long position in the channel (5-7 weeks above proper levels due to poor sell out velocity), we will focus every dollar of promotion/ marketing and all efforts of our Channel/Marketing resources to build momentum in Desktop sell out and burn off tier 2 and 3 channel inventory in 2h12.*”);
 - **Ex. 260** (AMD-011-001602701) (July 13, 2012 AMD email from R. Read to T. Seifert, M. Massetti, and others stating in response to an email from M. Massett: “*Sales needs to sell the supply...GSC needs to find way to lower costs so we have more margin . . . Sounds like the plan to me.*”);
 - **Ex. 319** (AMD-011-001597522-524) at 523 (July 31, 2012 R. Read requesting T. Seifert, Lisa Su, and John Byrne to strategize how to “*move this inventory especially Llano*”); **Id.** (August 3, 2012 AMD email attaching slide titled “Llano disposition 7.11.12.vs.2.pptx”).
152. **At various points throughout 2012, AMD stopped production of, or sought to delay receipt of, certain Llano products in order to better match its product mix to expected product demand and manage its inventory growth.**
- **Ex. 261** (AMD-003-000357085) at 085-086 (February 3, 2012 Weekly CEO Supply Report, noting that AMD would “[c]ontinue to explore postponement of 1H12 wafers. 6k in Q1 looks achievable.”);
 - **Ex. 262** (AMD-003-000187638) (March 12, 2012 AMD email to SVP of Global Operations J. Docherty noting that *AMD had “all but stopped” shipments of certain Llano in January 2012*);

- Ex. 263 (AMD-003-000340885) (March 16, 2012 email from GF VP of Sales J. Zucker noting that AMD and GF were “*very close to finalizing a deal to push out the 6.6k wafers*. I have told Hans not to ship the wafers and should have the final answer by Monday.”);
- Ex. 264 (AMD-003-000034264) at 265 (March 2012 emails regarding agreement to push out receipt of certain Llano wafers, and GF simultaneously offering to “swap” Llano products for other AMD products, including Trinity or Orochi)
- Ex. 265 (AMD-003-000093794-798) (April 6, 2012 AMD email to R. Read, T. Seifert, and others subject-lined “Weekly CEO Supply Report” and providing an “overall Q1 supply performance update” noting a “*reduction in output to avoid inventory build*”);
- Ex. 266 (AMD-003-000190159) (April 12, 2012 AMD email to R. Read, T. Seifert, and others subject-lined “Weekly CEO Supply Report” and noting that “APU inventory build risk mitigation [is] required – [REDACTED] *to defer wafers by end of Q2*”);
- Ex. 267 (AMD-005-000743479) (April 23, 2012 AMD email to R. Read, T. Seifert, and others subject-lined “Weekly CEO Supply Report” and stating: “*Action plan identified to defer materials by supply chain.*”);
- Ex. 268 (AMD-011-0016082330) at 234 (June 1, 2012 AMD email to R. Read, T. Seifert, and others subject-lined “Weekly CEO Supply Report” and noting that inventory was higher than historic levels, and that AMD was “*reducing production via 2-3 day shutdowns and to address hard orders/hub reserves only until inventory reduces*”);
- Ex. 269 (AMD-011-001598958) at 959 (July 6, 2012 AMD email to R. Read, T. Seifert, and others subject-lined “Weekly CEO Supply Report” noting that due to “[s]ignificant BOH inventory to start the quarter, *factory shutdowns under-way*”);
- Ex. 270 (AMD-011-001602125) (August 25, 2012 AMD email to R. Read, T. Seifert, and others subject-lined “Weekly CEO Supply Report” and noting noting that GF “*has agreed to halt wafer shipments outside of AMD’s defined needs until 9/1 pending resolution of the wafer deferral request*”);
- Ex. 271 (E. Ghilardi Depo. Tr.) at 149:14-150:7 (“[T]his industry is dealing daily with unmatched demand and supply. *So things are never black or white. At any given point in time that there is not enough supply of X and an excess supply of Y. . . .* But this industry is in a constant state of not enough supply of Y and excess supply of Z.”);

- **Ex. 152** (L. Su Depo. Tr.) at 30:4-6, 137:5-7 (“Well, in our business, you know, *there are always mismatches or small mismatches between demand and supply as an ongoing basis . . . in a business of this complexity*, it’s very unusual that everything would be matched perfectly”);
 - **Ex. 290** (AMD-003-000468154) (January 10, 2012 email in which Dr. Su states she has “never seen any supply chain that is able to hit the exact mix you want . . . [s]ince the mix always changes in a quarter”).
153. **The life cycle of a microprocessor chip typically spans several years or more, depending on the chip.**
- **Ex. 63** (D. Grasby Depo. Tr.) at 69:13-20 (“Q. Now, I’m asking generally here, just based on your experience and your years in the business, once you launch a chip, how long is the life cycle of that chip? A. It can be various. *It really varies on the chip. I mean . . . we’re selling stuff now that’s five years old, for example.* So it really depends . . . on the chip itself”);
 - **Ex. 249** (R. Read Depo. Tr.) at 162:9-17 (“Channel customers tend -- channel tends to have a much flatter demand cycle, and they tend to build machines based on what’s available. They’re looking to get whatever parts that they go into the store to put together and create a box. They can use various solutions to get there, and they tend to have a much flatter set of demands. So -- and your product in the channel tends to last much longer.”); **Id.** at 175:15-18 (“Athlon was the CPU product in the channel at 45-nanometer that we sold in the channel. We ended up selling that for about another two years after this.”);
 - Compare **Ex. 321** (AMD-008-001283525-529) at 529 Tab “Q3 Prod Data” cells B14:K22 (September 14, 2011 EMD email attaching spreadsheet file-named “Q3 LRP Yield & Size data.xlsx” showing that a number of AMD’s 45-nanometer products, including its 45-nanometer “Dachshund” product, went “IP” or “In Production” in 1Q10) with **Ex. 23** (January 17, 2017 Reply Expert Report of S. Thompson) at ¶ 83 and n.200 (noting that AMD’s “*plan near-term* as of March 2012, well over two years after Dachshund went into production, “require[d] an increase in 45nm Dachshund product[,]” given that the “planned Llano ramp was hampered due to supply”).
 - **Ex. 355** (PX_AMD_0055730) at p. 8 (June 8, 2012 Wells Fargo analyst report stating: “Tom’s Hardware reported that *AMD has supposedly decided to get rid of its Llano stockpile before beginning to ship Trinity desktop parts to retailers later in the year (supposedly no earlier than October)*. According to the article,

	<p>AMD confirmed that at the moment it is only shipping Trinity chips to major vendors such as Acer, Asus, HP and Lenovo.”);</p> <ul style="list-style-type: none"> • <i>See also Ex. 61</i> (December 20, 2016 Expert Report of R. Kapoor) at ¶¶ 108-111 (discussing product lifecycles and sales of various AMD microprocessors in 2011 and 2012). 	
<p><u>Alleged Statement No. 44</u> 7/19/2012 2Q 2012 Earnings Call Dep Ex 226 at 12 Speaker: Rory Read <u>Analyst Christopher Danely (JPMorgan Chase & Co.)</u> And can you just give us an estimate on how long you think it will take to get your inventory and the channel inventory back to a level where you feel comfortable? <u>Rory Read</u> We're going to work on that in 3Q and in the second half of the year. We believe that that's the right focus and we'll work through that in each of those next two quarters. We believe that we'll track that week on week and ensure that we have that right focus.</p>	<p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the precautionary language quoted <i>supra</i> Alleged Statement No. 43.</p> <p><u>Undisputed Material Facts</u></p> <p>UF 132-147 and sources cited <i>supra</i> Alleged Corrective Disclosures No. 2 (regarding macroeconomic and market factors that unexpectedly impacted the businesses of AMD, its customers, and its competitor competitor Intel at the end of 2Q12).</p> <p>UF 148-153 and sources cited <i>supra</i> Alleged Statement No. 43 (regarding the life cycles of microprocessor chips and AMD's plans to sell Llano into 2013 and consume all of its Llano inventory by 2Q13).</p>	
<p><u>Alleged Statement No. 45</u> 7/19/2012 2Q 2012 Earnings Call Dep Ex 226 at 10-11 Speaker: Lisa Su <u>Analyst JoAnne Feeney (Longbow Research)</u> Okay, and then as a follow up with regard to inventories, can you describe a little bit the mix of inventories? Is this because of the shortfall on Llano sales, primarily Llano-based? And if so, what gives you confidence that the channel is going to continue to be enthusiastic for Llano when they know Trinity desktop is right around</p>	<p>The phrases “a good product[,]” “overall positioning[,]” and “an excellent product” are non-actionable puffery.</p> <p>This statement is forward-looking and thus subject to the PSLRA safe harbor given the precautionary language quoted <i>supra</i> Alleged Statement No. 43.</p> <p><u>Undisputed Material Facts</u></p> <p>UF 1-4 and 6-11 and sources cited <i>supra</i> Alleged Statement No. 1 (regarding steps taken to improve Llano yields in 2H10, progress through 1Q11, and [REDACTED] as of the start of 2Q11).</p> <p>UF 12-13 and sources cited <i>supra</i> Alleged Statement No. 6 (regarding technological process on the 32-nanometer node and associated yields at GF, and the status as of the beginning of 2Q11).</p>	

the corner? Is that really part of it, that the channel just doesn't like to be second place to the OEMs in terms of getting the new products and really just want to wait for Trinity at this point?

Dr. Lisa Su

Yes, let me make a couple of comments on that. **So Llano is a good product.** If you look at where we are selling, it's selling into both notebook and desktop OEMs, as well as the channel. We got ourselves a bit out of position, admittedly, and that's a big reason for our shortfall. **But when we look forward, it's really the focus on sellout velocity and getting the overall positioning correct with both the CPUs as well as the motherboards. And we think we're doing that. Trinity will also be an excellent product that will go into the channel, and I think we will run with both products for some time in the channel.**

UF 21-22 and sources cited *supra* Alleged Statement No. 8 (regarding AMD's expectations for Llano availability as of the start of 2Q11).

UF 23 and sources cited *supra* Alleged Statement No. 8 (regarding Llano launching as planned in June 2011).

UF 24 and sources cited *supra* Alleged Statement No. 8 (regarding the view of market observers that AMD's shipment of approximately 1 million Llano units in 2Q11 was consistent with the start of a successful production ramp).

UF 27-30 and sources cited *supra* Alleged Statement No. 12 (regarding AMD's understanding of channel demand as of 2Q11, including channel demand for its APUs and related products).

UF 34-36 and sources cited *supra* Alleged Statement No. 15 (regarding Llano yield actions and sales expectations as of May 2011).

UF 43-47 and sources cited *supra* Alleged Statement No. 19 (regarding AMD's expectation and the market's understanding that the Llano ramp would outpace the Brazos ramp).

UF 50-60 and sources cited *supra* Alleged Statement No. 22 (regarding GF and AMD supply and demand forecasts for 3Q11 and AMD's 3Q11 guidance process).

UF 80 and sources cited *supra* Alleged Statement No. 25 (regarding the efforts of GF and to continue ramping Llano in 3Q11).

UF 81-91 and sources cited *supra* Alleged Statement No. 26 (regarding the market performance of AMD's APUs in 3Q11 and the beginning of 4Q11).

UF 92 and sources cited *supra* Alleged Statement No. 27 (regarding AMD's expectations for 4Q11 Llano sales as of the end of October 2011).

UF 94-98 and sources cited *supra* Alleged Statement No. 31 (regarding the improved ability of GF and AMD to meet Llano supply and demand forecasts in 4Q11).

UF 99-105 and sources cited *supra* Alleged Statement No. 32 (regarding the market performance of AMD's APU's in 4Q11 and AMD expecations for 1Q12).

UF 132-147 and sources cited *supra* Alleged Corrective Disclosures No. 2 (regarding macroeconomic and market factors that unexpectedly impacted the businesses of AMD, its customers, and its competitor competitor Intel at the end of 2Q12).

	<p>UF 148-153 and sources cited <i>supra</i> Alleged Statement No. 43 (regarding the life cycles of microprocessor chips and AMD's plans to sell Llano into 2013 and consume all of its Llano inventory by 2Q13).</p> <p><i>See also</i> Ex. 301 (L. Su Resp. to Interrog.) at 7-11 (L. Su stating that she "believed Llano was a good product because it was technologically ground-breaking," and "offered significant benefits for consumers, particularly with respect to graphics products"; and that while "the second quarter of 2012 was marked by a sudden drop in demand for PCs, and, as a result, a sudden drop in demand for components for PCs like Llano, Llano remained a good product").</p>	
Alleged Corrective Disclosures No. 3: <u>Exs. 312 and 318</u> (July 19, 2012 AMD 2Q12 Earnings Release and Conference Call Transcript)		
Undisputed Material Facts Pertaining to Causation		Plaintiffs' Responses
Undisputed Material Facts <p><i>See UF 132-147</i> and sources cited <i>supra</i> Alleged Disclosures No. 2 (regarding macroeconomic and market factors that unexpectedly impacted the businesses of AMD, its customers, and its competitor competitor Intel at the end of 2Q12).</p>		
Alleged Corrective Disclosures No. 4: <u>Ex. 333</u> (October 11, 2012 AMD Form-8K and Press Release Pre-Announcing 3Q12 Earnings)		
Undisputed Material Facts Pertaining to Causation		Plaintiffs' Responses
<p>154. In late June 2012, IDC projected that 3Q12 overall PC shipments would increase approximately 12.2% quarter-over-quarter in 3Q12, similar to AMD's 12.3% historical quarter-over-quarter growth in the third fiscal quarter.</p> <ul style="list-style-type: none"> • Ex. 134 (AMD-003-000481377-379-380-381-382) 379 slide 3 (June 21, 2012 AMD email to L. Su attaching AMD slide deck titled "M0 sales Outlook AET Review" and conveying a <i>June 2012 IDC projection of 12.2% quarter-over-quarter growth, as compared to AMD's "historical average" of 12.3%</i>); • <i>See also</i> Ex. 61 (December 20, 2016 Expert Report of R. Kapoor) at Figures 32 and 35 (detailing IDC forecast revisions). <p>155. At the beginning of July 2012, AMD projected total 3Q12 revenue of \$1.57 billion, representing quarter-over-quarter growth of over 10% (the "3Q12 M0 MOF").</p> <ul style="list-style-type: none"> • Ex. 272 (AMD-003-000461025-026) at 026 slide 2 (forecasting 3Q12 revenue of \$1.570 billion); • Ex. 212 (July 19, 2012 AMD 2Q12 Earnings Release) at Ex. 99.1 p. 1 (noting that AMD's 2Q12 revenue totaled 1.41 billion); • Ex. 152 (L. Su. Depo. Tr.) at 46:23-48:1 (testifying that AMD had a "MOF process," where "the teams would load what they believed the demand would be . . . by customer, by region, for a given quarter or a given number of quarters. But it was the most accurate in the current quarter or quarter plus one," and the MOF "memorialize[d] . . . what we believe the demand is for the business, across the business," which would be "updated roughly . . . once a month"). 		

156. In mid-July 2012, AMD developed a revised forecast (the “3Q12 M1 MOF”) projecting 3Q12 revenue of \$1.40 billion, including \$117 million in Llano sales (comprising \$78 million Llano sales to channel customers and \$39 million in Llano sales to OEMs).
- Ex. 322 (AMD-003-000463036-0377) at slide 2 (3Q12 M1 MOF Summary Level Overview *forecasting \$1.40 billion in 3Q12 sales*);
 - Ex. 379 (Whitworth Decl.) at ¶ 48 (summarizing AMD’s operating forecasts, including its monthly operating forecast for 3Q12, produced in this action at AMD-003-000463038, forecasting \$78 million of Llano sales to channel customers, and \$39 million of Llano sales to OEM customers);
 - Ex. 152 (L. Su. Depo. Tr.) at 46:23-48:1 (testifying that AMD had a “MOF process,” where “the teams would load what they believed the demand would be . . . by customer, by region, for a given quarter or a given number of quarters. But it was the most accurate in the current quarter or quarter plus one,” and *the MOF “memorialize[d] . . . what we believe the demand is for the business, across the business, which would be “updated roughly . . . once a month”*).
 - See also Ex. 61 (December 20, 2016 Expert Report of R. Kapoor) at Figure 41 (summarizing AMD’s sales and forecasting data).
157. On July 19, 2012, AMD issued 3Q12 guidance projecting a revenue decrease of 1%, plus or minus 3%, over 2Q12, for a range of about \$1.354 billion to \$1.438 billion (with a midpoint of about \$1.396 billion).
- Ex. 212 (AMD 2Q12 Form 8-K and Exhibits dated July 19, 2012) at Ex. 99.1 (Earnings Release) at p. 4 (stating: “*AMD expects revenue to decrease 1 percent, plus or minus 3 percent, sequentially for the third quarter of 2012.*”);
158. AMD’s 3Q12 revenue was \$1.27 billion, about \$300 million less than its 3Q12 M0 MOF and \$130 million less than its 3Q12 M1 MOF.
- Ex. 273 (AMD 3Q12 Form 8-K and Exhibits dated October 18, 2012) at Ex. 99.1 (Earnings Release) at p. 1 (stating: “*AMD revenue \$1.27 billion*, 10 percent sequential decrease and a 25 percent decrease year-over-year”);
 - Ex. 272 (AMD-003-000461025-026) at 026 slide 2 (*3Q12 M0 MOF Summary Level Overview forecasting 3Q12 revenue of \$1.570 billion*);
 - Ex. 322 (AMD-003-000463037) at slide 2 (*3Q12 M1 MOF Summary Level Overview forecasting \$1.40 billion in total 3Q12 sales*);
 - Ex. 379 (Whitworth Decl.) at ¶ 48 (summarizing AMD’s operating forecasts, including its monthly operating forecast for 3Q12, produced in this action at AMD-003-000463038, forecasting \$78 million of Llano sales to channel customers and \$39 million of Llano sales to OEM customers).
159. AMD’s 3Q12 sales to OEM customers fell short of its 3Q12 M1 MOF forecast by \$87 million, accounting for 88% of the forecast shortfall, and 3Q12 sales to channel customers fell short of the 3Q12 M1 MOF forecast by \$11.3 million.
- Ex. 379 (Whitworth Decl.) at ¶ 47 (summarizing AMD’s operating forecasts, including its monthly operating forecast for 3Q12, produced in this action as AMD-003-000463038, which forecasted total 3Q12 microprocessor sales of \$715 million);
 - Id. at ¶¶ 47-48 (summarizing AMD’s operating forecasts, including its monthly operating forecast for 3Q12, produced in this action as AMD-003-000463038, which forecasted 3Q12 OEM microprocessor sales of \$460 million, including \$39 million of Llano products and \$421 million of non-Llano products);

- *Id.* at ¶¶ 47-48 (summarizing AMD's operating forecasts, including its monthly operating forecast for 3Q12, produced in this action as AMD-003-000463038, which forecasted 3Q12 channel microprocessor sales of \$254 million, including \$78 million of Llano products, and \$176 million of non-Llano products);
 - *Id.* at ¶ 49 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold \$616 million of microprocessor products in 3Q12);
 - *Id.* at ¶¶ 49, 52 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold \$373 million of microprocessor products to OEM customers in 3Q12, including \$27 million of Llano products, and \$346 million of non-Llano products);
 - *Id.* at ¶¶ 49, 51 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold \$243 million of microprocessor products to channel customers in 3Q12, including \$96 million of Llano products, and \$147 million of non-Llano products);
 - *See also* Ex. 61 (December 20, 2016 Expert Report of R. Kapoor) at Figure 41 (summarizing AMD's sales and forecasting data).
- 160. AMD's 3Q12 sales of Llano products were \$7 million higher than the 3Q12 M1 MOF forecast, or 6% higher than projected.**
- Ex. 379 (Whitworth Decl.) at ¶ 50 (summarizing AMD's operating forecasts, including its monthly operating forecast for 3Q12, produced in this action as AMD-003-000463038, which forecasted total 3Q12 Llano sales of \$117 million);
 - *Id.* at ¶ 50 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold \$124 million of Llano in 3Q12);
 - *See also* Ex. 61 (December 20, 2016 Expert Report of R. Kapoor) at Figure 41 (summarizing AMD's sales and forecasting data).
- 161. AMD's 3Q12 sales of non-Llano products were \$105 million lower than the 3Q12 M1 MOF forecast, or 18% lower than projected.**
- Ex. 379 (Whitworth Decl.) at ¶ 50 (summarizing AMD's operating forecasts, including its monthly operating forecast for 3Q12, produced in this action as AMD-003-000463038, which forecasted total 3Q12 non-Llano sales of \$597 million);
 - *Id.* at ¶ 50 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold \$492 million of non-Llano products in 3Q12);
 - *See also* Ex. 61 (December 20, 2016 Expert Report of R. Kapoor) at Figure 41 (summarizing AMD's sales and forecasting data).
- 162. AMD's 3Q12 sales of Llano to channel customers were \$18 million higher than the 3Q12 M1 MOF forecast, or 123% higher than projected.**
- Ex. 379 (Whitworth Decl.) at ¶¶ 47-48 (summarizing AMD's operating forecasts, including its monthly operating forecast for 2Q12, produced in this action as AMD-003-000463038, which forecasted 3Q12 channel microprocessor sales of \$254 million, including \$78 million of Llano products, and \$176 million of non-Llano products);
 - *Id.* at ¶¶ 49, 51 (summarizing AMD's sales data, produced in this action as AMD-028-002325474, stating that AMD sold \$243 million of microprocessor products to channel customers in 3Q12, including \$96 million of Llano products, and \$147 million of non-Llano products);

- See also [Ex. 61](#) (December 20, 2016 Expert Report of R. Kapoor) at Figure 41 (summarizing AMD's sales and forecasting data).
163. **The PC market performed worse than market observers expected during 3Q12.**
- [Ex. 274](#) (AMD-003-000355478) (October 2-3, 2012 email chain in which Lisa Su states, “*[w]e are in a very volatile time for our business. The market is changing, our roadmap is changing* . . . I know [monthly demand signals are] beaurocratic, but I think it is necessary given the volatility in our business and the significant strategic issues we are dealing with”);
 - [Ex. 275](#) (July 17, 2012 Intel Form 8-K) at Exhibit 99.1 p. 1 (Intel earnings release stating: “As we enter the third quarter, our *growth will be slower than we anticipated due to a more challenging macroeconomic environment.*”);
 - [Ex. 372](#) (September 7, 2012 Intel Form 8-K) at Exhibit 99.1 p. 1 (Intel earnings release titled “Intel Lowers Third-Quarter Revenue Outlook” disclosing that *Intel's “third-quarter revenue is expected to be below the company's previous outlook as a result of weaker than expected demand in a challenging macroeconomic environment,*” due to “softness in the enterprise PC market segment; and slowing emerging market demand”);
 - [Ex. 216](#) (HP Form 10-K for year ended Oct. 31, 2012) at p. 16 (disclosing that *HP was “facing dynamic market trends,” including “a series of significant macroeconomic challenges, including broad-based weakness in consumer spending, weak demand in the SMB and enterprise sectors in Europe, and declining growth in some emerging markets, particularly China.”*”);
 - [Ex. 276](#) (AMD-020-002108695) at p. 1 (September 24, 2012 Parete analyst report stating: “After a golden decade of growth, *we think the \$210bn PC market will undergo significant change as low-cost tablets reinvent consumer computing,*” noting that “ARM chips [as opposed to AMD's x86 chips]” will present “an enormous challenge” to AMD);
 - [Ex. 277](#) (October 11, 2012 Wall Street Journal article entitled “*PC Sales Go Into a Tailspin,*” and discussing the “industry's worsening condition, triggered by factors that include *cannibalization by tablet computers, sluggish economic conditions and slowing PC sales in emerging countries,*” and noting that the PC market was down “more than 8% from a year earlier” according to IDC);
 - See also [Ex. 61](#) (December 20, 2016 Expert Report of R. Kapoor) at ¶ 139 & Figure 32 (summarizing data showing that the PC market performed nearly 9% worse than expected in 3Q12).
164. **At the end of 3Q12, in accordance with its usual practice, AMD evaluated whether its inventory on-hand, including its Llano inventory on-hand, exceeded forecasted demand and concluded that it had an excess of \$71 million of Llano products and \$15 million of Orochi products that it therefore wrote down.**
- [Ex. 274](#) (AMD-003-000355478) at 481-482 (October 3, 2012 emails among finance and sales personnel stating: “*We have a very structured process that is focused around the MOF cycle.* Each month, with the updated MOF, the supply plan for the rolling 18-month period is updated. Inventory is reviewed and managed based on our flexibility terms. . . . My team ties out with Gary weekly and monthly and Gary ties out with Neill . . . *Build-ahead or deferral processes are aligned closely between operations and GBU at the supply, demand, and financial level.*”);
 - [Ex. 278](#) (AMD-002-000010697) at 698 (October 3, 2012 AMD emails amongst the finance staff: “Given the level of inventory for 3Q I think we should have a 3rd party take a look at our demand reserve position (including, but perhaps in addition to E&Y),” and Mr. Kumar responding, “Let's run the numbers based on the demand profile for Q4/Q1 and establish the system reserves based on quarter

ending gross inventory. Then we also need to understand the inventory that is coming in Q4 and establish if we could have exposure. *For Llano specifically, we need to understand sales for the last few quarters, ending inventory in Q3, projected sales and how long it will take to disposition the product fully at above cost.”;*

- Ex. 279 (AMD-003-000319341) (October 9, 2012 email between the finance staff to gather “*a summary of all products that are candidates for inventory write down*” and requesting “*independent view*” on the proposal.);
- Ex. 280 (AMD-002-000003194) (October 9, 2012 AMD email between sales and finance staff discussing which products and how much inventory to write down: “We had discussions tonight with Devinder Kumar and key members of the CFO staff to assess any potential excess inventory exposures. *To properly assess the situation we would like the BU and Sales Organization to assess and align on key demand inputs that will enable us to determine our excess inventory position.*”);
- Ex. 281 (AMD-003-000355994) (October 10, 2012 email chain among AMD finance and sales personnel noting a “*need to understand future demand based on product transition, market competitiveness and pooling/pricing actions we could take at the level of products shown in your roll forward*”. For example for LN2C we would have to explain this place in the market, when a new product will replace it and why, how long it will be competitive to sell at what price on the market, and why we would pool it for some parts but not others.”);
- Ex. 282 (AMD-003-000321398) (October 11, 2012 email from AMD CFO D. Kumar to R. Read: “*Lisa [Su] and I tied off on inventory and the incremental inventory write-down is \$96M (\$71M Llano, \$15M Orochi)*. This will also be called out in the pre-announcement scheduled to go out after market on Thursday.”);
- Ex. 283 (AMD-022-002320817) (October 11, 2012 AMD inventory close package presentation, detailing AMD’s inventory levels, and inventory valuation process, including that AMD took a reserve on, or wrote-down, Llano inventory).

165. **In 2013, AMD sold \$57 million of the \$100 million of inventory that it wrote down at the end of 3Q12.**

- Ex. 286 (AMD 1Q13 Form 10-Q dated May 6, 2013) at p. 22 (“\$20 million benefit from sales of previously reserved inventory in the first quarter of 2013”);
- Ex. 287 (AMD 2Q13 Form 10-Q dated August 1, 2013) at p. 3 “In addition, the second quarter of 2013 included an \$11 million benefit from sales of inventory that had been previously reserved in the third quarter of 2012.”);
- Ex. 288 (AMD 3Q13 Form 10-Q dated October 30, 2013) at p. 21 (“Operating income and net income in the third quarter of 2013 included the impact of a \$19 million benefit from sales of previously reserved inventory”);
- Ex. 289 (AMD FY13 Form 10-K) at p. 48 (“Gross margin in 2013 included a \$57 million benefit from sales of this previously reserved inventory, which accounted for one gross margin percentage point.”).

Alleged Corrective Disclosures No. 5: Exs. 273 and 334 (October 18, 2012 AMD 3Q12 Earnings Release and Conference Call Transcript)

Undisputed Material Facts Pertaining to Causation	Plaintiffs' Responses
See <u>UF 154-165</u> and sources cited <i>supra</i> Alleged Corrective Disclosures No. 4 (regarding the performance of AMD and the market in 3Q12, AMD’s subsequent inventory write-down, and AMD’s Llano and Orochi sales in 2013).	